

NEWS SUMMARY

Dublin orders IRA off the air
The Dublin government has ordered the IRA to stop broadcasting on the radio and television. The order was issued after a series of attacks on the city by the IRA.

Sterling, equities and gilts rise
Sterling rose 0.5 points to \$1.6550. The FT 100 index rose 1.5 points to 229.2. The FT 30 index rose 1.5 points to 229.2.

High water next year
The government has announced that it will be spending £1.5 billion on flood defence schemes over the next five years. This is part of a larger programme to improve the country's defences against flooding.

U.S. Treasury bill rates
The U.S. Treasury has announced that it will be raising the rates on its short-term bills. This is in response to the rise in market rates.

China Foot, leader of the
China Foot, leader of the Chinese revolution, has been admitted to the Royal Free Hospital in London. He is being treated for a heart condition.

Shanghai plot
A plot to overthrow the Chinese government has been uncovered in Shanghai. The plot was allegedly led by a group of Chinese officials.

Rel winners
A group of scientists have won the Nobel Prize for their work on the structure of DNA. The prize was awarded to James Watson and Francis Crick.

blast
A bomb has exploded in a crowded area of London, killing several people and injuring many others. The police are investigating the cause of the explosion.

the habit
A group of people have been arrested for carrying out a campaign of civil disobedience. They are being charged with obstructing traffic.

div...
A divorce case has been heard in court. The judge has granted the divorce to the wife.

Fraser, 55, Tory MP
James Fraser, 55, Tory MP for Glasgow, has been elected as the new leader of the Scottish Conservative Party.

his five-year-old
A five-year-old boy has been found dead in a ditch. The police are investigating the circumstances of the death.

rates yesterday
The rates for the various currencies have fallen slightly today. The pound is now at \$1.6550.

EF PRICE CHANGES YESTERDAY
The prices of various commodities have changed slightly today. The price of oil has risen.

Midland Cattle Prods.
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W. German bankers fear revaluation may not be enough

BY GUY HAWTIN, FRANKFURT, October 18

Revaluation of the D-mark in the European snake of jointly floating currencies was widely regarded to-day in West German banking circles as insufficient to ensure against another currency crisis. But the move was welcomed in so far as it prevented break-up of the snake.

Government and Bundesbank officials claimed this morning that the measures represented a sensible compromise. Most bankers were unwilling to comment officially, but most privately echoed the view of Dr. F. Wilhelm Christians, of the executive board of the Deutsche Bank—West Germany's largest commercial bank.

Speaking in Hong Kong, Dr. Christians offered the imprudent view that they could prove too little, to late.

Objections

Some bankers believe that the West Germans were prepared to agree to a higher revaluation. But apparently there were objections from some of the partners in the snake—particularly Belgium, which is understood to have argued that a steeper revaluation would disrupt its vital trade with Holland.

The decision to defend the snake—seen here as a vital source of European economic stability—was greeted with enthusiasm. One bank official said: "At least the Government and the Bundesbank have shown that they are not prepared to let the animal die. They have rejected the doctrine of emergency slaughter."

The framework of new assistance from the Bank of England. In the first half of this year the group incurred a loss of £13.8m. before tax, compared with a loss of £12.6m. a year earlier.

BP itself has always been keen for the Bank's holding to be dispersed, so the British official shareholding in BP could be cut from nearly 70 per cent to less than 50 per cent. It might also suit the Government, with its need to fund an £11bn. Budget deficit in 1976-77.

Discussions in the City in the past year have envisaged the placing of most of the 77.8m. BP shares in question with institutions, but with the possibility that some might pass to Germany and perhaps Iran.

It is widely believed that there has been some diversity of view on the matter within the Government with Left-wing Ministers considering that the BP shareholding and the profit on it ought not to leave State hands.

In his letter Mr. Down lists the sale of various Burmah assets in North America, the North Sea, Europe and Australia. At the beginning of last year the company received £850m. (£350m. of borrowing guarantees and a standby credit facility from the Bank of England and the State-owned British National Oil Corporation to set up a new company, in which their ratio of shareholdings would be 15:85 to law.

There are still certain problems which could seriously affect the LNG projects if they are not satisfactorily resolved soon. These relate to the implementation of the agreement in principle reached with General Dynamics and to certain U.S. Government inquiries and investigations.

An additional problem is a law suit which has recently been filed by a U.S. citizen alleging fraud in connection with the application for U.S. Maritime Administration subsidies and facilities from the Bank of England and the State-owned British National Oil Corporation to set up a new company, in which their ratio of shareholdings would be 15:85 to law.

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Swiss and Austrians follow lead

By Michael Blandin

TWO MORE European currencies, the Swiss franc and the Austrian schilling, followed the West German lead yesterday as foreign exchange markets adjusted to the week-end announcement of the revaluation of the D-mark.

Markets were unsettled after the news of the German revaluation, but the decision helped to reduce speculative pressures, particularly within the joint European snake, which had built up over previous weeks.

The German move helped the pound, which suffered from the speculation in favour of the D-mark. Dealers suggested that the Bank of England had intervened again in forward markets to help sterling early in the day.

By the close of dealings in London sterling had gained 45 points to \$1.6550, while its average depreciation from December 1971 levels narrowed from 45.1 per cent to 44.8 per cent.

In New York sterling fell to \$1.6450 from \$1.6550. The realignment within the snake increased the value of the D-mark by 3 per cent, in terms of the Dutch guilder and Belgian franc, by 3 per cent against the Norwegian krone and Swedish krona, and by 6 per cent against the Danish krone.

The move was presented by officials in the leading snake Member-States as evidence of their determination to maintain the joint floating arrangements and as a contribution to restoring exchange market stability.

In the markets, however, it was felt that the change was not large enough to avert the pressures on rates for long and there was concern that speculation would revive in the fairly near future.

The importance of solving the recent difficulties was stressed by Mr. Willem Duisenberg, the Dutch Finance Minister. He said Britain and France had indicated that they attached great importance to continuation of the snake. The Netherlands Government continued on Back Page

2 in New York

Oct. 18 Previous

Spot 61.642-6455 \$1.6510-6520

3 months 61.642-6455 \$1.6510-6520

6 months 61.642-6455 \$1.6510-6520

9 months 61.642-6455 \$1.6510-6520

12 months 61.642-6455 \$1.6510-6520

15 months 61.642-6455 \$1.6510-6520

18 months 61.642-6455 \$1.6510-6520

21 months 61.642-6455 \$1.6510-6520

Arab rivals on verge of reconciliation

BY ROD NEWMAN

JEDDAH, Oct. 18

AFTER MONTHS of bitter wrangling, Egypt and Syria appeared tonight to be on the verge of a reconciliation which could pave the way for a settlement in the Lebanese war.

After an hour-long meeting at the limited Arab summit in Riyadh with President Hafez al-Assad of Syria, President Anwar Sadat of Egypt emerged to say that agreement had been reached on what he described as "essential matters." This summit provided the first occasion on which the two leaders have met—let alone publicly agreed on anything—for two years.

It is believed that their discussions centred on the 13-point initiative presented by Mr. Sadat last night at the mini-summit in Riyadh. It is also being attended by Crown Prince Fahd of Saudi Arabia, the ruler of Saudi Arabia, President Sarkis of Lebanon and Mr. Yassir Arafat, Chairman of the Palestine Liberation Organisation.

Prince Saud bin Faisal, Saudi Foreign Minister, announced tonight that a final agreement would be held to-morrow night and indicated that a paper outlining a draft accord on Lebanon would be submitted for endorsement by a full gathering of foreign ministers of the 21-member Arab League Wednesday.

Earlier Reuters, quoting Syrian sources, reported that President Assad had agreed to proposals put forward by Egypt to end the war in Lebanon. President Sarkis and Mr. Arafat completed a working paper based on the Egyptian proposals, which was later submitted to the summit.

After their meeting Presidents Sadat and Assad embraced publicly in what was seen as a deliberate gesture of reconciliation. Any lasting settlement in Lebanon must be dependent on agreement between Egypt and Syria—the reason why the Riyadh summit was called.

Syria attacked, Page 7

After the German revaluation... The science ventures... A taxing problem... A Labour leader in the boardroom...

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Bank sale of BP shares expected early next year

BY MARGARET REID

THE MUCH-discussed possibility that the Bank of England might sell the 44.8m. worth of British Petroleum shares which it bought from Burmah Oil last year has not been removed by Burmah's recent legal action to recover the holding.

In the City it is considered that, with the present strength of BP's share price, a disposal of the 20 per cent stake in BP might be carried out early in the New Year, given certain conditions.

Those might include a settlement with Burmah, which is suing the Bank from which it is still receiving financial help for the return of the shares at the original sale price of £170m. The stake was bought in connection with the Bank's rescue of Burmah's early last year and is now showing the Bank a profit of £317m.

Mr. Alastair Down, Burmah's new chairman, to-day tells shareholders in a letter that the Bank rejected Burmah's claim concerning the BP shares on October 5, the day before Burmah's writ against the Bank was issued. It is understood that the rejection had the Government's approval.

Mr. Down says on the realistic expectation that proposed arrangements over liquidated natural gas (LNG) carrier vessels will be completed, the Board is confident of completing its recovery programme within

the framework of new assistance from the Bank of England. In the first half of this year the group incurred a loss of £13.8m. before tax, compared with a loss of £12.6m. a year earlier.

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- overspending on lubrication

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Teachers welcome education debate initiative by Callaghan

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS' UNIONS' gave a from the National Union of Teachers, the combined National Association of Schoolmasters and Union of Women Teachers, and the National Union of Students.

The NUT and the NUS, however, made it clear that their contributions would centre on issues different from those raised and constructive role in society. Mr. Callaghan, speaking at Ruskin College, Cambridge, said public interest in education was strong and legitimate.

He indicated that the Government was not ready to replace present examinations with a single 16-plus exam.

The unions' loudly-voiced fears that the Prime Minister would propose some central control over schools' curricula and teaching methods gave way to congratulations on his efforts to start a national debate on education.

Promises to participate came up its campaign against the

inclusion of education in public spending economies. "The Prime Minister says that much of the criticism about basic skills and attitudes could be due to industry's own shortcomings," Mr. Charles Clarke, president of the NUTS, commented that "tinkering with school curricula" would not change the minds of students, whom he claimed preferred to go into State-owned industry rather than private enterprise.

Mr. Norman St. John-Stevens, Shadow Education Minister, claimed that the questions the Prime Minister was raising had been asked by the Opposition for years. Although welcoming the speech's emphasis on standards, Mr. St. John-Stevens was disappointed that Mr. Callaghan had not committed the Government to reintroducing national standards of literacy and numeracy.

Report of speech Page 9

2 LOMBARD

Why the pound has fallen

BY SAMUEL BRITTAN

OUR RULERS tend to respond to the cries of "Not fair!" if sterling falls faster than they expected. "Expected" in this context tends to mean predicted by the National Income Forecast, that sacred Treasury totem revealed to Treasury initiates three times a year.

There is, however, an alternative conclusion to the usual cries of "We have been attacked by speculators: please send for Sir Harold Wilson." The market is "irrational" and "ritual challenges to MPs and journalists to say that sterling is undervalued."

It is that the economic establishment is working on a false theory of what determines the exchange rate. The type of evidence cited by the "market-right school" consists of the comparative movement of prices in this country and abroad. This can never be very precise because it is never clear what a "fair" starting point is, or whether to look at export prices, wholesale prices or a consumer index. But the chart in this week's Economist, showing that sterling has fallen a good deal faster than warranted by comparative inflation rates, is a good example of the evidence usually cited.

Money supply

There is, however, an entirely different way of looking at matters, which fits the facts rather better. This is to relate the movement of sterling to the reserves of the domestic creation of money as Greenwell's have done in their October bulletin. Is the movement of sterling really surprising when the money supply has been increasing at an annual rate of over 25 per cent in three months over mid-September?

It is not possible to fit any exact relation because we have no up-to-date figures for Domestic Credit Expansion, which gives a better idea of the pressure on sterling than the money supply shift. A precise formula would have to take into account underlying real growth rates here and abroad, and overseas monetary movements, and would still probably not fit exactly because of the well-known difficulties of economic forecasting. But at least the monetary relation seems to fit the facts better than crude purchasing power comparisons. A reasonable rule of thumb would be that excess Domestic Credit Expansion pushes down the sterling rate. Some of this expansion may be financed by running down the foreign exchange reserve (that is, selling them in the market in return

Traded goods

There is such a thing as an international price level for traded goods. The ultimate effect of a fall in the sterling exchange rate is an equivalent rise in the sterling prices of these traded goods. Abroad British exporters charge more in sterling and so can importers into this country. Substitution between profitable and unprofitable lines will do the rest. Price controls may hold up the adjustment process, but not indefinitely.

Moreover, even goods and services which do not enter into international trade will ultimately rise in price as people shift to the more rewarding traded goods sector. It is indeed more accurate to say that a 4 per cent depreciation will ultimately lead to a 4 per cent rise in prices.

This does not mean that, as popular superstition would have it, devaluation causes inflation. On the contrary both are caused by excessive money creation at home; but with some degree of exchange rate flexibility, the overseas depreciation of the pound comes first.

Thus there is a good deal of further inflation in the pipeline. It is now likely that monetary expansion will be brought under control; and with or without another few sterling crises, that the exchange rate itself will begin to stabilise. But the benefits in slower inflation will take many months to arrive and will now be at the expense of continued industrial stagnation and perhaps even higher unemployment.

RACING

Strae Bridge difficult to hold

CAPTAIN RYAN PRICE has at the expense of another who attractive odds for the Leatherdone particularly well for Miss showed promise first time out: head Stakes. Valentine Herman-Hodge in re-Tinsley Green, a close sixth to Mrs. Gale Getty's Round Table cent seasons and I shall be more Stradley Park in the Chatterbox-colt has been working with than surprised if Strae Bridge among the runners for today's Heather Maiden Stake at Sandown—cannot continue the trend.

This full brother to his owner's very smart Glen Strae, with whom Price won the Greenham Stakes, has made only one appearance to date at Newbury a month ago when his highly promising run in the five furlongs Harwell Stakes showed that a modest event such as this afternoon's would soon come his way.

Out-paced and running green early on, Strae Bridge began to make a forward move a quarter of a mile from home—and, running on strongly—finished in the treble-figure style.

The Finsdon colt is certain to have improved a good deal as a result of that initial run and with an additional furlong in his favour he seems sure to be extremely difficult to contain.

I hope to see him score, chiefly

SANDOWN

2.00—Strae Bridge—
2.35—Elizabethan
3.05—Sweet Reclaim
3.25—Soldier Rose
4.10—My Patriot
4.40—Loyal Deed

CHEPSTOW

2.15—Burleigh
3.45—Nobody's Fool

SALEROOM

BY ANTONY THORNCROFT

Revival for English pottery

ENGLISH pottery and Chinese export porcelain are yearning for a revival. In the London auction world, yesterday, Christie's held sales of both, the English pottery, doing rather better than expected, while the Chinese porcelain was unexciting.

English pottery has suffered lately from the economic situation, but prices yesterday were well up to forecast in a sale which totalled £50,985.

A Ralph Wood equestrian group showing William III as a Roman Emperor sold for £4,200. To Newbown also paid £4,000 for a pair of Staffordshire salt glaze figures of figures.

A Wedgwood buff caneware part tea service sold for £3,000 (about 10 times its estimate), and a pair of Ralph Wood figures of standing lions made £2,200. A Staffordshire salt glaze ship bowl of 1780 went for £2,000, as did a Wedgwood creamware dessert service.

The Chinese export porcelain sale realised £125,573. Much similar porcelain has appeared on the market recently, which might account for the fact that the most highly estimated lot, a family rose part dinner service, failed to sell.

But a family rose part dinner service of Yung Cheng, or early Chien Lung, period sold to a Swedish dealer for £5,000, on target.

A garature of five famille rose Canton enamel vases made £4,800 (Marchant). While Mrs. Glatz bought a "verte imari" part dinner service for £4,500. A pair of Yung Cheng famille rose ruby-back semi-eggshell deep plates made £3,600, and a famille verte shallow circular tureen and cover £3,000.

In New York, Sotheby Parke Bernet established a new auction record for a painting by the 19th century French artist Jean-Francois Millet.

His allegorical work *The Forester* was bought by a German dealer for £218,151, way above the forecast and the previous record of £239,312, also at Sotheby Parke Bernet in 1975.

Also in New York, a record auction price for an emerald—£272,068—was paid in a jewellery sale which totalled £2,502,823. The stone weighed 29.9 carats and was set in a ring.

At Christie's on Friday, a new auction record was set for a painting by the Victorian artist James Jacques Tissot when an American dealer, Schickman, gave £20,000 plus £2,000 for the most highly estimated lot, a family rose part dinner service, mistress and her children playing.

At a Robson Lowe stamp sale in Milan, a Tuscan 1857-59 Kr. stamp on a letter to Brighton was bought for £6,800, while a Lon-

bardly Venetia 1 kr. stamp of 1858-59 on a newspaper from Verona fetched £4,800. The auction totalled £264,543.

Phillip's furniture sale made £31,128, yesterday, with the highest price of £1,000 for an early 19th century Italian mahogany and marquetry piano. Sotheby's book sale made £19,439.

Nippon opens Irish plant

NIPPON ELECTRIC, the Japanese electrical and electronic company, opened its £2m. plant at Ballivor, Co. Meath, in the Republic of Ireland yesterday. The project has been aided by the Republic's Industrial Development Authority.

Production started six months ago and £1m. worth of logic and memory integrated circuits and capacitors have been shipped to Europe and Japan. Output is expected to be worth £5m. a year within two years.

There are now five Japanese manufacturers in the Republic of Ireland, representing fixed asset investment of almost £80m. Japan has more industrial investment in Ireland than in any other European country.

WINE

BY EDMUND PENNING-ROWSE

Good prospects for the 1976 clarets

AN AGENCY MESSAGE from Bordeaux, published in the Press here in the middle of the recent vintage, stated that owing to heavy rains early in the month "1976 will not after all be the vintage of the century." For that relief, much thanks as in some quarters this was proclaimed last year for 1975. Even in these inflationary times we cannot do with too many vintages of the century.

Not that such declarations are anything new. Many years ago the head of a distinguished Bordeaux house was paying his annual visit to a London importer. After an exchange of the social courtesies of the time, a general discussion on the state of trade, and a lightly sketched recommendation of the previous year's wines, he rose to leave. There were some problems of the social courtesies of the time, and he opened the door he turned and said, "but you know that it was the vintage of the century."

"But," replied the English merchant, "you said that last year was not a vintage, and the French shipper imported turbidly shot back, 'yes, but one has to live!'"

Early vintage

Although this year, as the newspaper report indicated, in the white wine vintage, it is unnecessary to write it down overmuch; as did one knowledgeable American wine writer who stated that only those, including one American-owned estate, who picked earlier than the general run, made wine of much distinction. For, in any event, it was an unusually early vintage, probably the earliest since 1945 when it began generally in the first week of September. The very best of the vintage, however, was a fortnight before the average date in recent good years.

This year the picking campaign began in the red wine districts on Monday 13th and was generally over by the end of the 1975.

To take a few examples, Haut-Brion started on the 13th, very good; the strength of the vintage, however, and what is no less important, the quantity is generally plentiful than last favourable position, not Mouton-Rothschild began on the 16th, and finished on the 24th, from chateau to chateau, some of which suffered from bad hail of 1971-73, of having two were the 18th and 30th. Laffite, year, and others did badly in vintage available, as it was often a rather late picker, went terms of quantity, and quality, until the first week of this produced only 185 tonnes need to rush in to secure month. The last few days of (100 dozen bottles apiece) ampler of either. The 1976 many estates' pickings usually hopes to make nearly double not cost more than the 75c, are devoted to collecting the time. In place of about 90 have even a little less young grapes not destined for tonnage in 1975, Rausan-Ségla the bigger crop; and in the grand vin. In these matters promises up to 125, while there should be good bargains may depend on the number of pickers that can be assembled, and Talbot expect to advance—much and afforded. Last month from 250 tonnes each last 1976 may not be yet another year, the smallest of the first-year to 320 in 1976.

Two factors, however, must be of us who think and drink in it days between the 21st and 26th, borne in mind when comparing expensive terms it could be it is not only the rain that quantities—the coming into full out very acceptable.

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Favourable

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TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 9.30 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.15 Mary, Mungo, and Midge. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pen E. Denny. 3.30 Regional News (except London). 3.55 Play School. 4.30 Huckleberry Hound. 4.35 Jackanory. 4.40 Animal Magic. 5.00 John Craven's Newsround.

F.T. CROSSWORD PUZZLE No. 3212

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
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ACROSS

1 Ornament that may be fixed (6)
4 Where actors may go out to catch measure returning (4-4)
9 Ceremonial trial arranged about 2nd of June (6)
10 Being fair-minded since about wine (8)
12 ... and witness beer put around to retain (8)
13 Gloomy Sergeant Major enters ring (6)
15 It's always at the heart of 23 (4)
16 One who swings the lead wants mother to loiter and hesitate (10)
19 Forgiveness for sailor with an explanation (10)
20 A mark for vehicle from the south (4)
23 A bit of old cloth left to one to make a sleeve (6)
25 Vagrant went in front and trod heavily (8)
27 Manufacturer in favour of dictator and king (8)
28 Soldiers take in 15 for worship (6)
29 Parted from star right in middle of act (8)
30 Book in middle of act created an impression (6)

DOWN

1 Equal to and capable of making up a story (7)
2 Incomparable like the smoker without a light (9)
3 Love to gather together rurally (8)

SOLUTION TO PUZZLE No. 3211

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32			
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BBC 2

7.30 a.m. Open University. 11.00 Play School. 11.10 Trade Union Studies. 1.00 Inside the House. 1.10 Peter. Donaldson's Illustrated Economics. 1.25 Open University. 2.00 News. 2.10 Weather. 2.20 Newsday. 2.30 Newsday. 2.40 Newsday. 2.50 Newsday. 3.00 Party Political Broadcast on behalf of the Labour Party.

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RADIO 1

Mid-day Prom part 2: Doreen (15), 2.10 Schumann's Piano Music (15), 2.30 A Little Light Music (15), 2.50 Northern Symphony Orchestra (15), 3.10 Jazz Today (15), 3.30 Jazz Today (15), 3.50 Jazz Today (15), 4.10 Jazz Today (15), 4.30 Jazz Today (15), 4.50 Jazz Today (15), 5.10 Jazz Today (15), 5.30 Jazz Today (15), 5.50 Jazz Today (15), 6.10 Jazz Today (15), 6.30 Jazz Today (15), 6.50 Jazz Today (15), 7.10 Jazz Today (15), 7.30 Jazz Today (15), 7.50 Jazz Today (15), 8.10 Jazz Today (15), 8.30 Jazz Today (15), 8.50 Jazz Today (15), 9.10 Jazz Today (15), 9.30 Jazz Today (15), 9.50 Jazz Today (15), 10.10 Jazz Today (15), 10.30 Jazz Today (15), 10.50 Jazz Today (15), 11.10 Jazz Today (15), 11.30 Jazz Today (15), 11.50 Jazz Today (15), 12.10 Jazz Today (15), 12.30 Jazz Today (15), 12.50 Jazz Today (15), 1.10 Jazz Today (15), 1.30 Jazz Today (15), 1.50 Jazz Today (15), 2.10 Jazz Today (15), 2.30 Jazz Today (15), 2.50 Jazz Today (15), 3.10 Jazz Today (15), 3.30 Jazz Today (15), 3.50 Jazz Today 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Bank of Italy watches currency deals closely in trying to protect lira

By ANTHONY ROBINSON

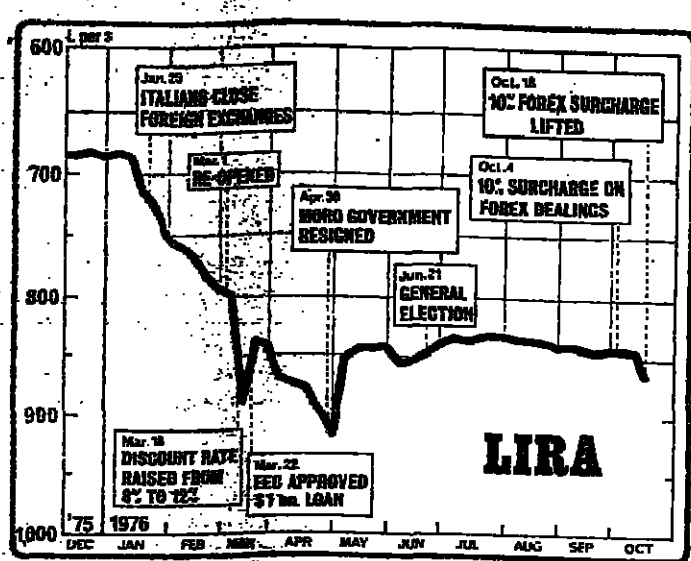
BANK of Italy imposed surveillance over the foreign exchange market to-day determined to prevent an exaggerated decline in the lira, following the removal of a 10 per cent surcharge on foreign currency purchases introduced as a temporary measure October 1.

The bank held the dollar/lira rate to 1,700, a decline of over 3 per cent from Friday's closing of 1,764.50, but above 1,770, the dollar reached 1,770, the bank held the rate at 1,770, at which time the bank had a clearer idea of the amount of foreign currency requests coming forward.

The amount of trading actually at the official fixing was small, some \$4.9m, only at the country's principal bank, the Banca d'Italia, and the fixing price for the dollar and other currencies in fact the price at which the bank declared itself willing to buy the day's request for currencies coming from clients of the agent banks.

Bank of Italy itself refused all comment on the volume of to-day's transactions, but well-informed sources indicate that, in Milan alone, the volume was between \$500m and \$600m, and the total trading volume to-day was probably not far short of \$500m.

This is apparently below the demand levels expected by the Bank of Italy in view of the overall amount of currency transactions held up in the pipeline over the last two weeks. But



the central bank has been in contact with the oil companies and other major importers, with a view to a stage-by-stage reduction of their currency needs to avoid dangerous bunching, and has also been able to absorb considerable amounts for the reserves through the obligation on exporters to finance 50 per cent of their export receipts in foreign currencies and other measures.

As of this weekend, the central bank's convertible currency reserves, available to support the currency if need be, amounted to around \$3m. A further \$500m are available on request from the Bundesbank, in return for further gold collateral, plus another \$500m, in short-term support from the EEC monetary fund, while negotiations for a \$300m, drawing from the IMF are due to continue in early November.

Rome, Oct. 18.

The Bank of Italy is expected to operate an elastic defence of the lira once the accumulated backlog is worked through, but it will be several days before a clearer indication of the market level of the lira is available. This afternoon, trading took place in the \$72-\$73 range.

The dollar suffered another decline of 2.5 per cent to-day, following the 14 per cent drop in average share prices last week which has brought Italian share prices to a new low. Bourse operators indicate that the decline would have been even sharper had it not been for support purchases by the central bank and the major quoted companies themselves.

The latest restrictions on bank lending, and the increase in the flat rate tax on dividends from 30 to 50 per cent, included in the austerity package announced over the last two weeks in an attempt to save the lira, are blamed for the collapse.

Kosygin back in 'good health'

By DAVID SATTER

MOSCOW, October 18.

SOVIET PREMIER Mr. Alexei Kosygin, who is reported to have suffered either a heart attack or a stroke, reappeared in public to-day looking little different to how he did shortly before his last official appearance three months ago. He was shown on Soviet television with Soviet party leader Mr. Leonid Brezhnev and Soviet President Mr. Nikolai Podgorniy, welcoming Mongolian Communist Party First Secretary Mr. Yumjaagiyn Tsedenbal, who arrived in Moscow on an official visit.

Mr. Kosygin showed no sign of illness at the airport and moved easily, casting doubts on the rumour that he had suffered a debilitating stroke. A diplomat who follows Mr. Kosygin's activities closely said he could see no change in his appearance at all. The health of Mr. Kosygin, who is head of Government and one of the three or four most important members of the party's ruling Politburo, has

been the subject of widespread speculation here since a story appeared in August in a London evening newspaper which said that Mr. Kosygin suffered a heart attack and nearly drowned while swimming in a river near his country home.

The story appeared under the by-line of Mr. Victor Louis, a Soviet citizen who has been the author of a number of major Soviet developments in the West. Despite his eventual disavowal of the story, most foreign observers in Moscow concluded that it was probably essentially true.

Mr. Kosygin's last official function was July 22. On September 2, he missed an airport send-off for Mr. Brezhnev that he would normally have attended, and later that day, the official Soviet news agency TASS announced the appointment of Mr. Nikolai Tikhonov, 71, as a new First Deputy Prime Minister.

Mr. Tikhonov had been named to help lighten Mr. Kosygin's administrative load or even to replace him. During September and early October, messages signed by Mr. Kosygin appeared in the Soviet Press, and there were periodic hints passed that he would soon be back at work. Mr. Kosygin's appearance at the airport to-day, in apparently good health, indicates that he will probably present the final version of the 1976-80 Five Year Plan at this month's meeting of the Supreme Soviet. Whether it also means that Mr. Kosygin is genuinely good health, or even that he was never ill, will not be clear for some time.

Health problems of the against Kremlin leadership are never discussed publicly, and Western observers here will draw their conclusions on Mr. Kosygin's condition partially on the basis of indications that he is delegating to others some of his former responsibilities.

E. Germans seek to emigrate

By Leslie Collett

THE NUMBER of East Germans who have applied to emigrate legally to West Germany has been revised sharply upward by West German officials. The latest estimates, based on the number of family reunion applications to the West German mission in East Berlin, plus calculations of the numbers choosing to apply only to the East German Government, have led to a total of at least 90,000 East Germans currently undertaking to be discharged from their citizenship in order to leave the country.

West German officials say some 5,000 cases of family reunion will have been approved this year, representing some 15,000 East Germans, 5,000 more than last year. Close to 10,000 applications are currently being processed by the West German permanent mission in East Berlin, involving 30,000 East Germans.

From three to four times the number of petitions have been sent by East Germans to their own authorities, covering between 90,000 and 120,000 persons wishing to leave. These East Germans for the most part have no family in West Germany, and thus do not come under the East-West German agreement covering the reuniting of split families.

The number of East Germans applying to leave has surprised the authorities in both East and West Germany. It had been assumed that, once the most urgent family reunion requests were solved, the applications would fall to a trickle.

Some West German officials believe East Germany may well soon announce that it is lowering the age of citizens who may travel to West Germany from the current retirement age for men and women. This could come in a package negotiated with West Germany, and East German officials are said to hope it will reduce some of the pressure to emigrate to the West.

Nobel physics prize goes to U.S.

By JOHN WALKER

STOCKHOLM, Oct. 18.

THE 1976 Nobel Prize for Physics has been jointly awarded to two American Scientists, Professor Burton Richter of the Stanford Linear Accelerator Center and Professor C. Ting of the Massachusetts Institute of Technology.

The 1976 Nobel Prize for Chemistry, meanwhile, has gone to Professor William N. Lipscomb of Harvard University. The two physicists won their prize for pioneering work in the discovery of a new kind of particle, a heavy elementary particle of a new kind. The Royal Swedish Academy of Sciences announced to-day that they are to share the Kr.681,000 (285,000) prize money.

Professor Richter won the prize for his studies on the structure of Boron, illuminating the problems of chemical bonding. The prize to Professors Richter and Ting arises from discoveries in the exploration of matter's smallest components of matter, smaller than atoms and nuclei, the Academy said in announcing the award.

During the past 15 years, many elementary new particles have been discovered which show a kinship with one another in groups of families. The new particle is something distinct, has formed the beginning of a new family and has opened up a fresh field of search for the smallest component of matter.

The limit to the smallest size of component has slowly been moved from atoms, via atomic nuclei, to what are known as elementary particles. For some years, the physicists have had to move this limit downwards, and the signs are that the elementary particles consist of even smaller units - quarks.

It was assumed that three quarks were enough, but to understand the structure of the new particle, a fourth quark is likely to be necessary.

The two prize-winning experiments were made independently of one another at two of the world's largest particle accelerators, Professor Ting and his team constructed his equipment Kr.681,000 (285,000).

Barre faces censure vote

By DAVID CURRY

PARIS, Oct. 18.

NG comfortably pushed through the National Assembly through a motion put down by the Communist leader replying to attacks on the Left for increasing uncertainty with their plans for nationalisation reported, "when it comes to economic wreckers the real perpetrator is the man who spent 10 years as Minister of Finance and exercises the full power as Head of State"—referring to President Giscard d'Estaing.

The trade deficit widened by almost 50 per cent since September to Frs.3.35bn, seasonally adjusted. The Government blamed the deficit on higher energy and food import bills. The trade figures might benefit the French franc might have gained from the German revaluation. With day to day money rates staying at 12½ per cent the franc dipped against

the dollar, Deutschmark, Swiss Franc and Florin.

The Dassault affair shot back into the headlines with a publication of the dossier compiled by a former Chief Accountant of the company accusing Mr. Marcel Dassault of massive tax fraud. Mr. Dassault has described the accusation as false, although he had said that some years ago fiscal authority insisted on some adjustment in the accounts of the Dassault property company.

The Gaullist-Centre coalition party are expected to muster their full strength against the censure motion and should see the Government safely home. While the Gaullists are still fretting about Government policies and are continuing their flirtation with the idea of a Wealth Tax much to the Prime Minister's annoyance they have little alternative but to sustain the Government's economic programme.

Another loan for Italian gas network

LUXEMBOURG, Oct. 18.

THE EUROPEAN Investment Bank has granted a loan equivalent to 4,500m. lire (4.7m. units of account), for eight years at an interest rate of 9 per cent, to ENI-Ente Nazionale Idrocarburi. The funds will be passed on to SNAM, part of the ENI group, for works to increase the capacity of the natural gas distribution network in parts of the Italian mezzogiorno.

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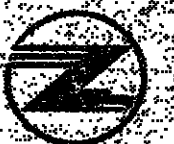
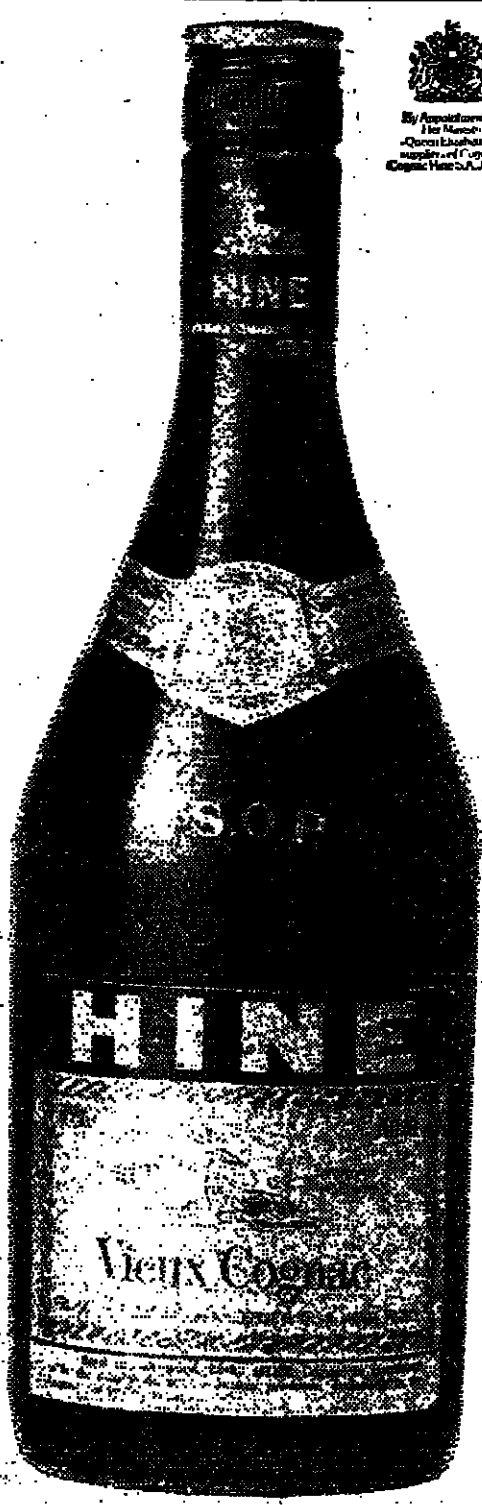
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AMERICAN NEWS

Canadian recovery slow but sure

TORONTO, Oct. 18. THE CONSENSUS among Canadian business forecasters is that the country will experience overall business growth of about 5 per cent in 1978. This is substantially below comparable estimates for the neighbouring U.S. economy. And Canadian economic expansion next year is widely expected to continue at a slower rate of 4-4½ per cent.

Analysts estimate that the growth capacity of the Canadian economy over the long term is 8½ per cent annually, considerably above the estimated U.S. long-term growth potential.

As in the U.S., unemployment is expected to persist at a painfully high level, in part because the recovery seems likely to continue to lack vigour. Economists at Toronto Dominion Bank predict that unemployment will remain in the area of 7 per cent through the closing months of this year and possibly even rise to "over 7½ per cent for 1977 as a whole." The rate last month stood at 7.3 per cent.

Inflation-fighting gets much of the blame for this lacklustre outlook. One prominent economist cites particularly Government controls on profits, as well as on prices and wages. Corporate profits are expected to rise only about 5 per cent this year, and union dissatisfaction with wage restraints has led to widespread work stoppages.

Meanwhile in New York, Citibank says one reason to expect Canadian money supply growth at the higher end of the 8-12 per cent target range is that monetary policy will undoubtedly be blamed for part of the second quarter slowdown in real output in Canada.

Another reason to expect a policy reversal, it suggests, is that the Canadian dollar is strong in the international markets because of the negative money supply growth for two consecutive quarters.

AP-DJ

New York Mafia boss leaves no apparent heir

WASHINGTON, Oct. 18. BY JUREK MARTIN

MR. CARLO GAMBINO, the "capo di tutti capi" who died peacefully last Friday, was buried with full Mafia honours in Brooklyn, New York, today.

The passing of Mr. Gambino, who was 74 years old, will, it is thought, make a major difference to the practices of the multi-billion dollar enterprise that he controlled for the best part of the last 30 years.

Mr. Gambino, often believed to have been the model for Mario Puzo's novel "The Godfather," was a quiet and retiring man with a passionate belief in discipline and "family" loyalty. Although reared in the bloody Mafia wars that stretched from the 1930s through to the 1950s, his own hand and latent ruthlessness brought a sense of order to his organisation which was only intermittently interrupted (such as by the notorious Gallo-Colombo factional war of some six years ago).

Above all, he had discouraged involvement in activities that might bring down the full brunt of Federal investigation. He was known to be averse to participation in the narcotics trade and disdained truck hijacking, preferring to concentrate on such time-honoured and profitable pastimes as extortion, protection rackets, loan sharking and the "numbers" gambling game.

His death leaves no apparent heir. His empire basically consisted of five New York "families" (including his own), but his voice in the national Mafia Commission overseeing the affairs of the 26 American families was reckoned to be easily the most significant.

His own family (about 1,000 strong) will probably fall under the leadership of Aniello Dellacrocce, his underboss, shortly to be released from prison in New York, though some challenge could be launched by Paul Castellano, Mr. Gambino's brother-in-law.

However, the New York control may well be vested in the hands of Carmine ("Lilo") Galante, reputedly head of the family that used to belong to Joseph (Joe Bananas) Bonanno, who was kidnapped a few years ago and is now living in semi-retirement in Arizona.

Mr. Galante is not cut from the same cloth as Mr. Gambino. He has spent over 20 years in jail (most recently having completed a 15-year-term for a narcotics conviction). Mr. Gambino, however, his epitome of caution, only did 22 months behind bars some 40 years ago. He was nearly deported from the U.S. in the early seventies because he was an illegal immigrant (in 1931), but his recurrent heart condition prevented that.

Mr. Galante, it is thought, would like not only to widen Mafia activities but also to broaden the base of his membership. The traditionalist Mr. Gambino had great faith in blood ties and was unenthused about dealing with outsiders, particularly black mobsters who have become such a factor in New York crime in the last generation.

Mr. Gambino's connections for the last 50 years included all those who had reputations in the Mafia. He originally joined the family of Joe (Joe the Boss) Masseria, who was killed on the order of Salvatore Maranzano, whom Mr. Gambino promptly switched to before Mr. Maranzano was in turn disposed of by Lucky Luciano, who, in his turn, divided New York into the five families.

Ford plans campaign blitz on 15 states

WASHINGTON, Oct. 18. BY JUREK MARTIN, U.S. Editor

PRESIDENT FORD is planning a major ten-day, 15-State campaign blitz of the country, starting this Saturday, the day after his final television debate with Mr. Jimmy Carter.

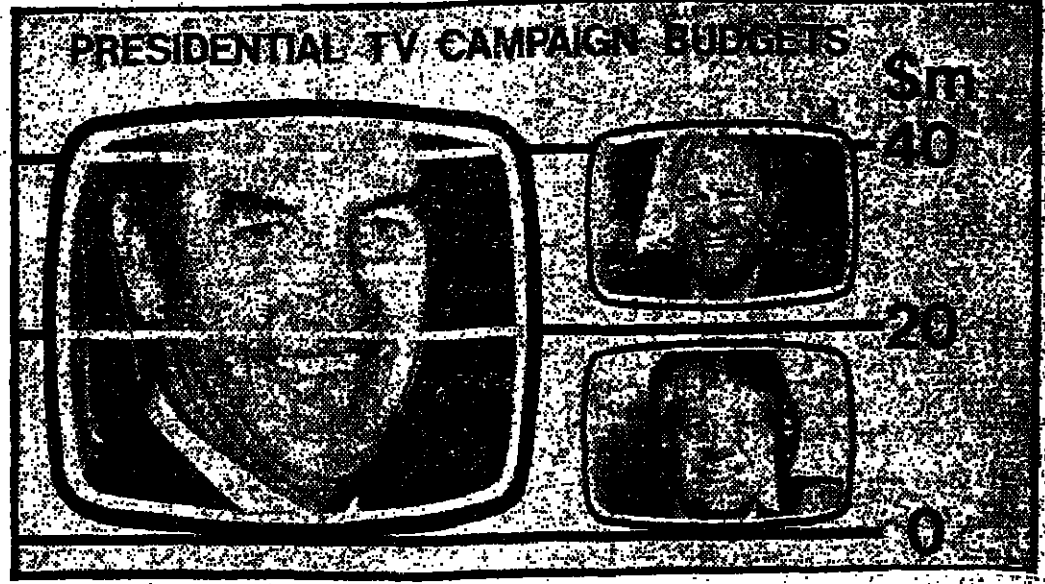
His energies will be focused principally on eight biggest States—California, New York, Texas, Illinois, Michigan, New Jersey, Ohio and Pennsylvania. His aides calculate that he must win five of these States in order to retain the White House.

Local polls put the President either ahead of or even with Mr. Carter in only California and his home State of Michigan at present. However, it is felt that in none of the other States is he so far behind that the deficit cannot be overcome between now and election day.

At the same time, the Ford campaign will be launching a saturation advertising effort in the last two weeks. In addition to existing television and newspaper commercials that portray President Ford as a good, decent, family man, his anti-Carter advertisement has just been unveiled and will be heavily used.

The feeling in the Ford camp is that things are looking up after a disastrous two-week period that embraced the Earl Butz affair, the Eastern European gaffe in the second debate with Mr. Carter, and continuing uncertainty over probes into Mr. Ford's campaign finances.

Two polls, this morning, however, suggest that Mr. Carter is certain of far more electoral college votes than the President. The Time Magazine survey, for instance, puts Mr. Carter ahead in 23 States (plus the District of Columbia), worth 286 electoral college votes. Mr. Ford up in 17 States with 129 votes, with the race in ten other States a toss-up.



BEFORE AND AFTER: To the pre-Watergate days Presidential candidates like Sen. George McGovern (above left) were able to spend twice as much on campaign advertising, now limited to \$21m. a candidate.

Cut-price commercials

BY DAVID BELL, IN WASHINGTON

PRESIDENT FORD is in his above all, on their own advertising. The picture has been sacrosanct. Everything has been sacred. In order to get on TV, candidates must pay a price. Mr. Ford has budgeted his \$21m. on them and Mr. Carter very little less. In the last few weeks, therefore, it has been up to the commercials to convince wavering voters more than ever before.

The preliminary signs are that they may not have very much to show for it. The exclusion of almost every other issue, both views of America give way to a shot of Mount Rushmore, where the great presidents are looking down on the candidates. Mr. Carter would "be carved into the rock face." A President you can be proud of. Gently a fifth face—Mr. Carter's while Mr. Ford is "making us proud again," according to the specially composed song commercials.

Mr. Ford's advertisements are out to show the President as a decent, honest father figure who has helped America put the traumas of the past ten years behind it. One shows him talking with a group of children, carefully selected to reflect the nation's ethnic and racial diversity. They nod as he tells them that he is not an "imperial President. The background jingle meanwhile notes that "There's a change that's come over America, a change that's great to see."

This commercial, incidentally, illustrates one of Mr. Ford's lingering problems: he is having to run not only against Mr. Carter but also against Mr. Nixon. His usual to spend much more on advertising stress how different he is from his Republican predecessor, but they can never say so openly. References to a "decade of tension" between President and people are as close as the commercials dare come to the dreaded word Watergate.

Meanwhile, the advertisements also have to show the President as a man to be reckoned with. This has become even more important since last week's debate which revived doubts in many minds that this is indeed the case. So, one commercial records that Mr. Ford is forceful "Look at his voice!" and "Look at the Mayaguez in the light of last week's report which questioned his handling of the latter affair that may be a trifle unfortunate.

The Ford staff have also sought to convert Mrs. Ford into a campaign asset. There is a much-prized campaign button, limited numbers of which were made for the Kansas City convention, which says "Keep Betty's husband in the White House." Posters now feature Mrs. Ford in the foreground with the President in the background. The presidential candidate has done this. And the Ford family features in several commercials extolling the virtues of their father to the accompaniment of a disembodied voice observing that "sometimes a man's family can say a lot about the man."

Mr. Carter is still using the same Atlanta agency that he used in his first campaign in 1976.

Bomb blast injures 50 in Argentina

BUENOS AIRES, Oct. 18. BY ROBERT LINDLEY

ABOUT 50 people were wounded by a terrorist's bomb which exploded in the gymnasium of the army officers club here, the Peronist Government by the military not quite seven months ago, according to an army communiqué.

The Peronist guerrilla group, the Montoneros, have claimed they placed the bomb which almost completely destroyed the gymnasium and shattered windows in adjacent streets.

Yesterday was "Peronist Loyalty Day," and this and the blowing up of a naval arsenal 50 miles northwest of Buenos Aires, killing a conscript and wounding three others, are believed to be protests against the ousting of the Peronist Government by the military not quite seven months ago.

Meanwhile two former legislators of the Radical Party, which the Montoneros, have claimed they placed the bomb which almost completely destroyed the gymnasium and shattered windows in adjacent streets.

The two ex-Senator Hipolito Solari Yrigoyen and ex-Deputy Mario Abel Amaya, were kidnapped from their homes in the Patagonian city of Puerto Madryn on August 17 and on being freed a fortnight later were immediately arrested. The government says that Sr. Amaya since has had a heart attack.

Both he and Sr. Solari Yrigoyen were prominent defence lawyers of left-wing detainees before the coup.

UPI adds: Guerrillas firing from a car assassinated an executive of the Argentine subsidiary of the Borgward car firm to-day, police said. He was shot as he left his home in a Buenos Aires suburb.

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From October 26th British Caledonian take over the London-Caracas service from British Airways. And improve it.

There will now be a non-stop flight to Caracas every Tuesday and every Thursday. Non-stop flights by British Caledonian, whose renowned in-flight service is the envy of other airlines.

Non-stop flights from London-Gatwick, Britain's most modern and highly accessible airport. Conveniently situated beside the M23 for excellent road connections. Or by train a comfortable forty minutes from London-Victoria. Manchester, Glasgow and Edinburgh also have direct connections—thanks to British Caledonian.

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The new British Caledonian services benefit travellers to Colombia and Peru as well. Our Thursday service proceeds to both Bogotá and Lima, while the Tuesday flight provides a non-stop onward link to Lima from Caracas.

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For further details, please consult your travel agent or travel manager.

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FROM	26th OCTOBER	27th OCTOBER	28th OCTOBER	29th OCTOBER
LONDON	08:00	08:00	08:00	08:00
GATWICK	09:00	09:00	09:00	09:00
CARACAS	15:00	15:00	15:00	15:00
LIMA	18:00	18:00	18:00	18:00
BOGOTÁ	19:00	19:00	19:00	19:00
LONDON	21:00	21:00	21:00	21:00

Paraphernalia

The result is that there is almost no money to help turn out the vote in such key states as Ohio, Missouri or California. Neither side can employ nearly as many full-time staff as in the past. There is scarcely enough money to pay for the bands and other paraphernalia which usually accompany the candidates. In a recent column in the Washington Post, the paper's national political correspondent concluded: "This election is not just starved for inspiration. It is starved for funds. And that serves no-one's interests, especially not the public's."

Short of money, the two candidates have had to rely much more on the national media for publicity, on the debates and, used in his first campaign in 1976.

Gaffe embarrasses President

WASHINGTON, Oct. 18. BY JUREK MARTIN

GENERAL George Brown, chairman of the Joint Chiefs of Staff, would appear to have yet again given offence to American Jews and thereby handed President Ford a little political controversy he could well have done without.

In an as yet unpublished newspaper interview, General Brown, who has a record for outspokenness that sometimes borders on the tactless, is reported to have said that "Israel is more of a burden than an asset to the United States."

Earlier this year the General was compelled to issue a public apology for a speech to a college audience in which he said that Jews controlled America's most influential news media.

It is thought possible this morning that General Brown will be obliged to call a Press conference to explain exactly what he meant in the newspaper interview.

However, this is the sort of comment that is likely to elicit a rapid response from the Jewish community. When Governor Rockefeller was wooed by both President and Vice President last year, he announced last week that he would be selling a large tract of land in Israel, while Mr. Carter has been making much mileage out of his willingness to go to the Arab boycott.

Expert forecasts U.S. energy crisis

NEW YORK, Oct. 18. EXPERTS agree that the U.S. is in worse condition regarding energy than it was in 1973 when the Arabs first withheld oil from the U.S. The New York Times reported.

Even without another embargo, which seems unlikely at present, the newspaper said, the U.S. and other oil-importing countries face a series of serious and possibly shattering energy problems. The first is expected around the middle of 1977, assuming the world economy continues to improve and energy consumption increases before oil from Alaska and the North Sea enters the market in full force.

At that time, according to Mr. Walter Levy, the oil economist who has been forecasting a sharp increase in Saudi Arabian production will prevent the world from experiencing a tight supply, possible shortages and probable sharp price increases, the New York Times says.

If Alaskan and North Sea oil does make it to the U.S. between late 1977 and 1980, the problem could abate until sometime after 1980 when world oil production is expected to hit a peak. Demand could then force prices to exorbitant levels with possible disruptive economic effects.

Peak or near-peak production of oil in the world would be maintained for several years before a decline sets in. The first half of the next decade would mark the end of the oil boom, and the end of the oil boom would mark the end of the oil boom.

Let's go BRITISH CALEDONIAN

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NEWPORT

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OVERSEAS NEWS

Lebanon peace hope dashed by Syria attack says Russia

MOSCOW, Oct. 18. Soviet Communist Party ordered a ceasefire by the Syrian military offensive against Lebanon, which it said would push the country towards a peaceful settlement, the news agency reported.

The article, which was published in the Soviet press, said that the Syrian military offensive against Lebanon, which it said would push the country towards a peaceful settlement, the news agency reported.

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Progress at Riyadh as fighting rages

OUR FOREIGN STAFF. FIGHTING between Christian forces and Palestinian-Left alliance in the south of Beirut: Tension escalated here, as well as in the capital, despite the progress made from the peace negotiations taking place at the summit at Riyadh.

The news agency reported that the fighting between the two sides has been continuing for several days, with the Christian forces making gains in the south of Beirut.

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Philippines vote to continue martial law

MANILA, Oct. 18. FIRST RESULTS from the Philippines weekend referendum showed to-day that nine out of 10 voters favoured continuation of martial law and granting broader powers to President Ferdinand Marcos.

The count showed 948,368 "yes" votes and 77,499 "no" votes on the question of whether martial law should be continued.

On another question asking for a series of amendments to the 1973 constitution, giving President Marcos emergency powers both as President and Prime Minister even in the absence of martial law, the vote was 901,524 "yes" and 112,894 "no".

Tough decrees announced in Thailand

BANGKOK, Oct. 18. THE ruling military junta to-day announced sweeping anti-Communist measures in Thailand similar to those once used in Vietnam.

The new decree follows a blanket "Decree 21" which was announced last week. This allows arrest and detention of persons in nine categories, including a loosely phrased provision covering "trouble makers".

The new law gives martial law powers to declare zones "Communist-infested" and prohibit anyone from living there. It also provides for detention without trial and from 30 days to 18 months jail for those found in prohibited areas.

Plot to take over Chinese city reported

PEKING, Oct. 18. A TOP Shanghai administrator was to-day accused in wall posters of organising a militia army of one million in an effort to take over China's largest city by force.

In Shanghai it was understood that posters accused local Communist Party secretary Ma Tien-shai of organising a militia army of one million in an effort to take over China's largest city by force.

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Shanghai Revolutionary Committee, which administers the most densely-populated area of the country.

Mr. Ma is also a member of the Communist Party central committee, a member of the National People's Congress (Parliament) and a vice-chairman of the Shanghai revolutionary committee.

Among Chang Chun-chiao's posts is that of mayor of Shanghai and his downfall seemed likely to topple others in the city administration.

There have been huge street demonstrations in the city with slogans denouncing Chiang Ching as a dog which should be strangled, beaten and crushed.

Travellers have so far reported no signs of unrest from the provinces and Western diplomats are increasingly confident that Chairman Hua Kuo-feng and the military have the situation in control.

Soweto blacks on new rampage

JOHANNESBURG, Oct. 18. NEARLY 700 blacks went on a rampage in the black African township of Soweto last night following the funeral of a detained 16-year-old schoolboy, police said.

The crowd marched on a municipal depot forcing its way past guards and then commandeered 10 vans, several lorries and a water tanker which were driven through fences and into walls, deputy commissioner of police, General D. J. Kriel, said.

A prisons spokesman said the boy was taken to hospital after becoming ill in jail. He died on September 25—two days after his arrest.

Shanghai: radical changes

BY COLINA MacDOUGALL

SHANGHAI has ultimately proved a brittle power base for Chairman Mao's widow Chiang Ching and her three radical associates. Although they all come from Shanghai and have maintained the Press there since the Cultural Revolution, whatever support they may have had seems to be crumbling.

Of course the anti-Chiang Ching demonstrations are as carefully orchestrated as any other display of support for China's central government. Mao, who in the early 1960s formed the habit of wintering in nearby Hangchow, may have been able to exploit them to his advantage.

But when the Old Man wanted to launch his attack on the Communist Party in the 1960s, he could not do so from Peking because he had already antagonised party leaders there by his disastrous 1958 "Great Leap Forward". Nobody knows why he chose Shanghai, possibly his home, who was born there, had other useful contacts in Shanghai.

although there was a partial move to do so in the early 1970s, it was never completed. Even so, Shanghai people are probably better off than most elsewhere in China. Every family probably has one or two workers in manufacturing or service industries. The rural communes on the fringes of the city have a vast market on their doorsteps for vegetables, meat, fish and eggs. There are acres of new housing estates.

The city has expanded rapidly in the 1970s, with new petrochemicals centre down the Yangtze. As the Chinese economy has developed, Shanghai's steel, electronics, synthetic textiles and allied industries have all burgeoned. Shanghai-made goods are reckoned to be the best in China, and its workforce is more skilled and more highly trained than anywhere else in the Peoples Republic.

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- 4. In Australia.** There is the Euro-Pacific Finance Corporation in Melbourne and Sydney.

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Your point of contact for these organisations is at any of the more than 9800 branches operated by the seven leading banks comprising EBIC.

ONESIAN INVESTMENT Revival of contracts

BY HAMISH MacDONALD IN JAKARTA. Indonesian Government allow no tax holiday, set varying levels of royalties and provide for a taking-up of 30 per cent of equity by the Indonesian public during the first ten years of production.

The largest second generation venture so far is the \$850m. Iaco nickel project in Sulawesi, which will be the first to begin actual production, early next year. Three other potential billion-dollar projects are stalled because of uncertainties in finance and the world supply situation. Alcoa's bauxite discovery in West Kalimantan, and the neighbouring nickel fields of American and Japanese consortiums on islands near Irian Jaya.

A devoutly religious student now under arrest has confessed planning the assassination of President Soeharto and his family, the Indonesian Internal Security Chief, Admiral Sudomo, said yesterday.

The Security Chief also announced 10 people had been arrested for distributing 10,000 photocopies of a "disorderly" news report of a speech by a leader of the Government's Golkar Party, in which he allegedly said Islamic leaders "can be bought".

For the third generation the Government originally insisted that all foreign exchange earnings from mineral sales must be converted back into Indonesian rupiah through the Indonesian central bank. It also sought to impose a general 10 per cent tax on mineral exports in line with levies on other commodities, and subject mining companies to local government taxes and charges.

WORLD TRADE NEWS

ICL to win £3.5m. EEC order

By Ted Schoeters

WEDNESDAY IS expected to bring the announcement that ICL has won the contract to replace existing computer equipment at the European Economic Commission's Luxembourg centre, estimated to be worth £3.5m. plus something like £1.5m. for the conversion of the operating routines now being used.

So far as International Computers is concerned, the competition is all over bar the shouting. Staff have already prepared the statements which will go out as soon as EEC headquarters gives the go-ahead.

The equipment to be installed will be based on the largest machines from ICL's New Range, despite all the criticism of the performance of this type of computer at the Darmstadt centre of the European Space Research Organisation.

Various difficulties which have been encountered by ESRO since the machines were first delivered on a crash schedule about a year ago have been given wide publicity in the computing Press both in the U.K. and in Europe, so much so that it is understood the EEC sent its own fact-finding team to Darmstadt to ascertain what was the true situation.

That they have come back satisfied is underlined by ICL's expectations of the prompt award of the order.

The problems at ESRO apparently stem from the fact that the big ICL machines being required to work with a host of other equipment, from Siemens, Data General and other manufacturers, rather than from the ICL equipment and operating routines. Interleaving the control routines for all this with the master control programs for the central machines is a task for the most skilled software technicians—ICL has had a number of senior men virtually on permanent posting at Darmstadt for some time past.

Mideast expansion plans could disrupt world chemicals market

BY RHYS DAVID

THE ARAB states and Iran are basing their plans for expansion into petrochemicals on unrealistic assumptions as to future growth in demand, and could seriously disrupt markets with over-capacity, a recent meeting of the European Chemical Marketing Research Association has been told.

Mr. Mike Hyde, editor of Chemical Insight, addressing the association in Madrid, said the Arab states and Iran had been encouraged by their advisors to anticipate an increase of some 37m. tonnes in the required ethylene capacity in the U.S., Japan, and Western Europe, in the period up to 1990, virtually doubling the current capacity in this basic chemical building block.

A much more realistic assumption, based on the likelihood of much slower growth in world

demand for chemicals, was 18m. tonnes or possibly only around 14m. tonnes. Arab plans were being based on a growth rate at least of 7 per cent. per annum in demand throughout the 1980s, whereas even a 4 per cent. annual growth rate may be optimistic.

West European producers currently estimated ethylene demand in 1980 as likely to be around 14m-15m. tonnes against total capacity of around 20m. tonnes, so that over-capacity already existed.

"Given 1980 capacity in Western Europe of around 20m. tonnes and allowing for obsolescence and the fact that the number of existing producers is likely to decline the need for new capacity to serve European demand may not exceed 5m. tonnes in the 1980s, the equivalent of about 12 new plants," Mr. Hyde states.

"Clearly if the Organisation of Arab Petroleum Exporting Countries and Iran do not match their policies to the realities their investments will not benefit their own economies and will merely disrupt the existing market, he claims.

Though warning against over-investment Mr. Hyde nevertheless claims it will be in Europe's interests to draw a proportion of its future requirements from Middle East sources, thus avoiding some of the problems now being encountered in finding sites and resources for new projects in traditional areas.

Furthermore use of basic chemicals produced in the Middle East would enable European producers to move away from commodity products, concentrating on those with a higher added value.

Paraguayan airport contracts

Financial Times Reporter

BRIAN COLQUHOUN and Partners, Cable and Wireless Bank for Reconstruction and Cooper and Lybrand together with the Paraguayan concern, Ingaer SRL, have been appointed by Paraguay's Minister of Defence, General Marcial Samaniego, to undertake a feasibility study of airport and aeronautical communications development at eight of the most important population centres in Paraguay.

The project, which is to be undertaken with financial assistance from the International Bank for Reconstruction and Development, involves a study of the economic justification and optimum timing of the development of the eight airports. Also included are a study of aeronautical communications and navigational aid requirements, together with consideration of the effects of introducing replacement aircraft for the existing DC-3 fleet operated by the domestic airline, Transporte Aereo Militar.

Potentially the most important of the eight airports is at Puerto Presidente Stroessner where at nearby Itaipu, the world's largest hydro-electric scheme is under construction on the Parana River.

Soviet gas scrubbers

A \$2m. order for gas scrubbers for the Soviet Union's Orenburg gas pipeline project has been won by the Air Correction Division of OOP, whose manufacturing facilities are in Northampton. The contract was placed by a major Italian group which is supplying turbines and compressors for the Orenburg pipeline. The scrubbers act as giant filters to remove impurities which might damage the turbines and compressors.

New World kitchens

Homeless Fittings has won a \$300,000 export order from Dubai for the supply of 506 New World Kitchens in their KD 21 range. In addition, it is supplying 1,192 built-in wardrobes for approximately 600 homes.

Capacity shortfall holds back exports of Czech tractors

BY KENNETH GOODING RECENTLY IN BRNO, CZECHOSLOVAKIA

CZECHOSLOVAKIA'S tractor industry has been set a 50 per cent. growth target for the current five-year plan. That means output of machines, such as Zetor tractors, must rise from the projected 23,000 to 30,000 units this year to 45,000 to 50,000 by 1980.

Even so, it seems to have little hope of actually keeping up with demand from export markets—which take about 80 per cent. of production. For example, the U.K. would certainly have bought many more of the recently introduced 120 hp tractors if they had been available.

The Czechs believe they were the first of the Socialist countries to sell capital equipment to the U.K. The first three tractors being sold in Britain in 1963. Last year 1,745 units were delivered to the U.K., taking the total over the previous decade to nearly 11,000. This year, a very buoyant British market took 1,263 Zetor tractors in the first six months alone.

Individual Communist countries are responsible for supplying their own tractor requirements but a major swap arrangement has been set up between the Czech and Polish industries for the manufacture of the really heavy tractors, those of 80 hp, 120 hp and a 160 hp machine which is still in prototype.

The Czechs supply the diesel engines and the gearbox while the Poles contribute the main building demand for its 80 hp tractors before it can get around to increasing output of the 120 Zetor.

major components. So virtually identical tractors emerge from the Poland under the Uru name and from Czechoslovakia as Zetor machines.

This arrangement will be radically altered, however, once the Polish industry, located near Warsaw, finishes a major reconstruction operation which has started with the help of Massey-Ferguson-Perkins.

The Zetor management insists it does not know just what will happen as a result—that will depend on Government-to-Government talks between the two countries—but seems to be worried at the prospect of losing its trade in the export of engines.

"The way demand is increasing we would not have been able to cope with it anyway," commented Mr. Milan Budik, the company's commercial director.

Certainly lack of capacity is evident at the 1962-built Zetor factory on the outskirts of Brno. Mr. Budik says steps are being taken to streamline production. There are plans for new assembly facilities but on my visit there was little sign of any building activity. And it is admitted by the Czechs that the lack of building-construction capacity has been a serious bottleneck on many held back progress on many fronts—not just in manufacturing industry.

Zetor must first concentrate on the 80 hp tractor before it can get around to increasing output of the 120 Zetor.

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Zetor must first concentrate on the 80 hp tractor before it can get around to increasing output of the 120 Zetor.

Sudan steps up production to become cement exporter

BY ALAN DAREY

KHARTOUM, October 18

MOVES TAKEN recently to expand and improve Sudan's cement industry aim to supply the oil-rich Arab countries with 1,000 metric tons of the material annually in the 1980s, thus converting the Sudan from an importer to an exporter of cement.

Under separate agreements signed recently with British, West German, Danish, and Kuwaiti interests, the capacity of the two existing cement factories is to be increased and a third factory built.

The new factory, at Derideh, in Kassala province about 300 miles north-east of Khartoum, is a \$10.5m. joint venture between the Sudanese Government and the Kuwaiti Foreign Trading Contracting and Investment Company, which is to provide \$4m. and Lazard Brothers of London is to put up \$14m. under a British Government guarantee.

The Sudan-registered Arab Cement Company that is to implement and operate the project is at present directly under the control of the Ministry of Industry.

Production is scheduled to begin in 1979-80 with a capacity of 500,000 tons per year, but in its October issue the Sudan Government magazine Sudanese quotes insiders as saying the promoters will be hard-pressed to meet the target date unless construction begins at once.

Sudan's big development programme has caused imports of cement to rise steeply in recent years. During the first half of 1978 they amounted to 49,594 metric tons, against a figure of 77,107 metric tons for the whole of 1977. Traditional exporters to Sudan, in order of quantity supplied, have been Japan, West Germany, Kenya, Italy, Britain, Poland, Egypt, Uganda and Saudi Arabia.

The two existing factories, both Government-run, have consistently failed to reach production targets. They are the 225,000 metric ton Maspien Cement Corporation at Atbara, Nile Province, about 170 miles north of Khartoum, and the 100,000 metric ton Nile Cement Company at Rabak, White Nile Province.

The Atbara factory's production has averaged only 65 per cent. of target over the past five years and the Rabak factory 63 per cent. Atbara has failed to reach its target primarily due to a shortage of electric power. Last June the factory installed its own diesel generator and it is hoped this will enable the factory to produce 200,000 metric tons during fiscal 1978-79.

With a new generator and a capacity of 225,000 mt. is expected to become operational by January 1979. Including working capital the investment of Sudanese 60m.—a Sudanese 6m. agreement was signed earlier this year with the Copenhagen concern F. L. Skidh, for the design, supply and erection of the new production line.

Unlike Atbara, the problems that have beset the Rabak factory are more complex. The factory was built in 1968 by a Yugoslav concern with a design capacity of 100,000 mt. per year. The crusher was located some 40 miles away from the limestone deposits on a terrain that is virtually impassable during the year's five rainy months and was supplied with an hourly capacity of 40 tons against the 80 tons called for in the specifications.

Sudanese technicians were not adequately trained before the factory was handed over and more recently urgently needed spare parts have been supplied within the past six months.

Two agreements were signed last month with West German companies following recommendations made by the Government-run cement early in the next decade.

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Surge in U.K. sales to Vietnam

BY DICK WILSON

BRITISH EXPORTS to Vietnam look like doubling this year, and two-way exchanges are running at an annual level of £2.5m.—almost 40 per cent. better than in 1975.

U.K. traders, with long-standing dealings with Hanoi, are confident that they will win substantially more business in the next few months, and a senior official of the Department of Trade is hoping to visit Hanoi later this month to discuss how trade flows could be improved.

The current export items are raw materials for the synthetic textiles and plastics industries of Vietnam, together with electrical machinery.

Imports from Vietnam are chiefly anthracite for the National Coal Board, of which £675,000 worth was unloaded up to August, arts and crafts, coffee and tea.

After its unexpectedly quick victory in the war and the reunification of North and South, the

Communist administration is beginning to look more realistically and hopefully towards the Western world. It has already joined the World Bank and secured \$35m. of food aid under the United Nations World Food Programme.

This will mean about 97,000 tons of wheat, with smaller amounts of vegetable oils and tinned meat, being supplied by Canada and Scandinavia as part of what is called a food-for-work programme for extending pine-apple and rubber plantations.

A preliminary survey by World Bank officials suggests that Vietnam could utilise at least \$45m. of additional aid over the next five years. The Deputy Foreign Minister, Mr. Phan Hien, said in Manila last month, "To-day we have need of aid, and we shall not refuse it, wherever it comes from, so long as it has no political ties whatsoever."

The Chairman of the Bank of Foreign Trade, Mr. Tran Duong, has spoken of the "abundant workforce and still unexploited rich resources" of Vietnam, hinting at joint ventures by which the Vietnamese could pay for imported know-how and equipment through the export of commodities. An investment code to this effect is being drawn up in Hanoi. The commodities could include tin, tungsten and phosphates as well as tropical products.

Most of Vietnam's trade and aid comes from the USSR, Eastern Europe and China, each of which has committed about \$1bn. in aid so far.

But the Vietnamese want to reduce their dependence on Russia and China. France, Sweden and Japan between them have pledged another \$400m. or so of aid.

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Concorde bargaining by U.S. ruled out

THE GOVERNMENT will not allow permission for Concorde flights to New York to be used by the U.S. as a bargaining lever in negotiations to replace the "Bermuda agreement" on air services, Mr. Edmund Dell, Trade Secretary, told the Commons yesterday.

Mr. Dell said: "I see no reason why Concorde's entry to New York should be held up by these negotiations."

He added that "substantial revision" of the rights covered by the Bermuda agreement, including fares, was needed "to achieve a more equitable balance of benefits overall."

The Government wanted to regulate capacity between airlines on both sides of the Atlantic. It was a wasteful consumption of fuel to have planes crossing the Atlantic only half, or two thirds full, of passengers.

Mr. Robert Macmillan (Conservative) said the objectives might be achieved by "aggressive commercialism" by British Airways rather than by upstaging the agreement in the way proposed.

He told MPs that it would be wrong to suggest that Britain was taking no action over the trade deficit with Japan. Japanese car imports were now governed by the agreement of last July under which the Japanese Government will not tolerate the Americans in any way, dragging Concorde into the negotiations as a bargaining factor?

Mr. Dell replied: "It will be my objective to ensure that we have a right to fly Concorde into the U.S."

Crown agents
THE CROWN AGENTS for the Crown Agents expects to report in the first part of next year the Government spokesman Baroness Jewell-Davies said in the Lords yesterday.

Dell indicates tougher anti-dumping action

BY JOHN HUNT

THE ANTI-DUMPING unit at the Department of Trade is being strengthened, Mr. Edmund Dell, Trade Secretary, told the Commons yesterday when he faced fierce pressure from left wingers for the introduction of general import controls or an import deposit scheme.

Rejecting these demands, he emphasised that he is prepared to act in specific cases where cheap imports are disrupting a particular British industry.

He thought it would be "the height of absurdity" to introduce across-the-board controls which would only invite retaliation against our export industries on which a great deal of employment is based.

Mr. Dell explained that the Government would be able to take more rapid action against imports if the industries affected by them were quicker in presenting their case.

"However, I am strengthening the anti-dumping unit in my Department. I hope that will have an effect in speeding up yet further the anti-dumping action."

He had had talks with Sir Christopher Soames, the EEC Commissioner, for external affairs, about the major problems likely to arise next year when the EEC takes over responsibility for anti-dumping measures within the Community.

It was agreed, he said, that the Department's anti-dumping unit should continue after June 30, 1977 to advise U.K. industry and help the Commission.

Questioned about Japanese car imports, Mr. Dell touched on his meetings earlier in the day with the 21-man delegation from the Japanese Government.

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conspicuous change in their share of the U.K. car market. "The trouble is that the British industry has not been able to take advantage of what has been left of the market. Their inability to supply has been taken up by the European suppliers," he added.

The main need now was to get the British car industry more competitive so that it could take advantage of the agreement with the Japanese.

From the Tory benches, Mr. Dell was questioned about Japanese claims that our balance of trade with them was not so bad when the figures for invisible exports were taken into account.

Mr. Dell replied that his Department had examined the Japanese figures on this point very closely. It was true, he said, that our invisible income made some contribution to our trade balance with the Japanese. But it did not eliminate the visible deficit.

Pollution
Replying to Left-wing complaints about obstacles to British car imports into Japan, he declared: "It is certainly true that the operation of Japanese tests regarding pollution controls appear to operate as a non-trivial barrier and we would like to see a relaxation in respect of foreign imports into Japan."

"But the main question is that they should import more manufactured goods from this country and the rest of the world."

"This is a matter on which we are currently in discussion with the Japanese Government. I took the opportunity this morning when I met Japanese industrialists of impressing that point on them. I think they have taken it on board but we shall have to watch this very carefully."

Mr. Audrey Wise (Lab., Coventry S.W.), a member of the Left Wing Tribune Group, demanded: "What is the Government's policy on imports, if any? Must we just ring our hands in a situation where imports by volume went up in the last quarter by 8.5 per cent. We cannot have a totally unplanned attitude towards trade any longer."

He argued that the effect of the import deposit scheme of 1968-1970 on our trade had been very small. "If import deposits have any effect at all, it leads to a balance of payments deficit and also has certain internal monetary effects."

Mr. Terence Higgins, Tory trade spokesman, said that the Prime Minister's latest statement on imports was ambiguous and had led to fears that the Government was allowing itself to be pushed into protectionism.

Later, Mr. Michael Meacher, Under Secretary for Trade, was pressed about chief imports from Eastern Europe. One Tory MP asked that goods from Czechoslovakia were being sold in Britain at less than the cost of the materials that went into them.

In a written answer, Mr. Meacher said that the total value of the contracts placed so far under the credit agreement with the USSR in 1975 was £42m.

'hat-trick'
By Richard Evans, Lobby Editor

MRS. MARGARET THATCHER, the Conservative leader last night accused Mr. Denis Healey, Chancellor of the Exchequer, of trying to hide the truth about the economic situation from the country.

She claimed, in a ferocious speech to party workers at Gravesend, that the Government had deliberately held the emergency economic debate in the Commons last Monday to hide the seriousness of the economic situation from the public.

During the debate, Tory MPs had been shocked by the Chancellor's treatment of such a serious crisis in such a casual manner. The remaining content of his own colleagues must have been shattered by the news of the last seven days.

The day following the debate, figures showed that production was not growing as the Chancellor had indicated, but had probably been falling all year. Four days after the debate, price statistics showed for the second successive month that prices were rising faster, and yesterday it was learned that the increase in the amount of money in the economy had gone up by leaps and bounds.

"What a hat-trick of failures! Production falling, prices rising and printing money! . . . How ridiculous and futile it is that the Chancellor goes on trying to conceal the truth from the country."

"What we now face is not the crisis of capitalism but the catastrophe of Socialism. Britain can't afford to go on like this much longer," Mrs. Thatcher declared.

A group of Conservative MPs called in the Commons yesterday the Chancellor's dismissal over the 15 per cent. Minimum Lending Rate.

The demand came in a Commons motion urging the "immediate dismissal of the Chancellor in the light of his conduct."

The motion was signed by about 20 Conservatives. Its main sponsor was Mr. Tim Renton, MP for Mid-Sussex.

Thatcher hits at failure

By Richard Evans, Lobby Editor

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Left wingers rebel over switch to metric system

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

ABOUT A SCORE of Labour Left-wingers last night rebelled against the Government in a division over the Weights and Measures (No. 2) Bill, the Bill to phase out Imperial units and enable a transition to the metric system.

With the Tories also critical of the Bill, it had to surmount two divisions to gain its second reading.

In the first division, Tory critics of the possible intentions behind the Bill, were defeated by a Government majority of 23 (194-171). In the second division, sponsored by the Left-wingers, the Government's majority was 160 (181-21), with virtually all the Tories abstaining.

Opposition accusations that the Government was involved in a "last-minute dash" towards metrication and the abandonment of Imperial units, were indignantly rebutted by Ministers.

Mr. John Fraser, Minister of State for Prices and Consumer Protection, warned MPs that the confusion in the present system of marking goods with both Imperial and metric measures must be ended or Britain's fabric of consumer protection would disintegrate.

At the same time, the Minister insisted that by itself, the Bill, he was putting before the House, changed nothing. "What it does is to provide a legal framework within which the Government, in consultation with consumers, can effect a transition."

Interest
Opposition MPs and some Labour MPs interrupted the second reading debate on the legislation to voice suspicion that the Government was acting under the dictation of the EEC.

Mr. Fraser vehemently denied the charge. The Government wanted what was best for Britain—and this meant metrication. At the same time, there was no intention of imposing a "short, sharp, rapid change" to the metric system.

The Government had succeeded in securing that the major say on phasing out Imperial units stayed in Westminster rather than Brussels.

Metrication, Mr. Fraser said, was not being foisted on us by the EEC. Successive governments had concluded before we joined the Common Market that it would be in the national interest to go metric. His concern during negotiations in Brussels had been to see that EEC directives reflected our national position and did not dictate it.

Minister maintained that virtually every country in the world, including all the Commonwealth countries, either used the metric system or were converting to it.



MR. JOHN FRASER
Confusion must be ended.

Operating a dual system was bound to lead to penalties of duplication for industry. "It is no longer a question of whether we go metric, but how quickly we make the change," he said.

He promised that the Department of Prices would report to Parliament each year on the progress of metrication and a provisional forecast of how progress was seen for the future. Industry, and not least the CBI, supported the Bill—as did every major consumer organisation.

Mr. Oppenheim, from the Opposition front bench, said the Tories were not voting against the principle of metrication but against compulsory metrication.

The Tory amendment, supported by Mrs. Thatcher, Sir Keith Joseph and other leading Tories, recognised the need for orderly change to metrication where it was essential for commercial reasons. But the party maintained that "at a time of continuing high inflation and economic crisis," the Bill was inappropriate and should not be approved.

Mrs. Oppenheim said that the Commons had never been given an opportunity to vote on the principle of metrication and that the overriding objective still needed to be met and reconciled.

The first was the need to end uncertainty for business and industry; the second to protect the interests of consumers from confusion and adverse economic effects.

Another issue was the cost of conversion at this time. "As far as business and industry are concerned, there has been a background of unresolved chaos for which the Government is largely responsible," said Mrs. Oppenheim.

She argued that consumers were having metrication imposed on them against their will. On the possibility that the Government plan would result in increased prices, she pointed out that devaluation had brought about a rounding up of prices.

Whether there was a rounding up of prices or not—there would be an atmosphere of distrust and dissatisfaction about such changes.

Those who found it difficult for instance, to keep within the speed limits would be joined by thousands more who would be confused by limits based on kilometres per hour.

Indignantly, she told MPs: "object very much to putting my height on my passport, and a half. It will remain firmly in my mind and on my passport as five feet two inches."

She complained that there had been no estimate of the cost of conversion and claimed that, in some instances, the cost would be enormous, nearly all of it passed on to prices.

Thought

The Bill, she argued, gave the Government virtually carte blanche to move to mandatory metrication as and when it thought fit.

Mr. Stan Newsom (Liberal) said that metrication would make things more difficult for everyone except the young. Many people would be in a complete fog and unable to detect whether they were getting value for money.

Rounding up of prices, similar to that during devaluation, would make the cost of goods astronomical and changes in measuring would lead to the scrapping of large items of machinery.

Mr. Roger Moore (C. Farnham) said the Government was proceeding by stealth and even those who believed in metrication should be ashamed of the record.

He accepted that metrication could not be stopped but said it should proceed voluntarily and without the Metrication Board.

Mr. John Page (C. Harrow W.) said he was "horrified" that there should be doubts about saving the mile and the pint. He had thought they were sacrosanct and was not satisfied with the Government's undertaking.

Amid laughter, he added: "The Minister starts speaking about the mile and the pint, but he has better be warned that the country will rise up against him."

Supports devaluation account

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Another issue was the cost of conversion at this time. "As far as business and industry are concerned, there has been a background of unresolved chaos for which the Government is largely responsible," said Mrs. Oppenheim.

She argued that consumers were having metrication imposed on them against their will. On the possibility that the Government plan would result in increased prices, she pointed out that devaluation had brought about a rounding up of prices.

Whether there was a rounding up of prices or not—there would be an atmosphere of distrust and dissatisfaction about such changes.

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The Bill, she argued, gave the Government virtually carte blanche to move to mandatory metrication as and when it thought fit.

Mr. Stan Newsom (Liberal) said that metrication would make things more difficult for everyone except the young. Many people would be in a complete fog and unable to detect whether they were getting value for money.

Rounding up of prices, similar to that during devaluation, would make the cost of goods astronomical and changes in measuring would lead to the scrapping of large items of machinery.

Mr. Roger Moore (C. Farnham) said the Government was proceeding by stealth and even those who believed in metrication should be ashamed of the record.

He accepted that metrication could not be stopped but said it should proceed voluntarily and without the Metrication Board.

Mr. John Page (C. Harrow W.) said he was "horrified" that there should be doubts about saving the mile and the pint. He had thought they were sacrosanct and was not satisfied with the Government's undertaking.

Amid laughter, he added: "The Minister starts speaking about the mile and the pint, but he has better be warned that the country will rise up against him."

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HOME NEWS

Tanker 'scrap and build' plan to aid shipyards

BY JOHN WYLES, SHIPPING CORRESPONDENT

A SCHEME aimed at encouraging shipowners to scrap old tankers over 15 years old, then make replacement orders with hard-pressed shipyards, is to be presented to the member Governments of the Organisation for Economic Co-operation and Development.

The proposal has emerged from the International Maritime Industry Forum (IMIF) whose third meeting of the year was attended in London yesterday by 80 representatives of shipowners, shipbuilders, banks and oil companies.

Set up at the beginning of the year to promote action to deal with the critical tanker surplus, support for a "scrap and build" policy reflects a changing pre-occupation within the IMIF.

The organisation is now almost as concerned with steering governments away from measures to defuse their shipbuilding industries which could harm prospects of a recovery in the shipping industry.

Sir James Dunnett, IMIF chairman and a former Permanent Under-Secretary at the Ministry of Defence, stressed

after yesterday's discussions that governments "must be forced to take into consideration the wider consequences of their actions."

The IMIF has tried to hammer home in a previous paper to the OECD the dangers of governments encouraging shipyards to build unwanted ships.

Its "scrap and build" proposals, produced by one of four working parties studying aspects

More Home News
Page 29

of the tanker crisis would probably offer more relief to the world shipbuilding problem than to the tanker crisis.

PEARSE

This is because a "scrap-and-build" policy is unlikely to produce much of the surplus, since by definition shipowners receiving a financial inducement to scrap their older ships would be expected to order replacement tonnage.

One drawback is that governments might have to offer substantial cash inducements

because the tanker categories which are the most aged—those of up to 100,000 d.w. tons—are also those whose freight rates are expected to recover more quickly.

Most of these ships have no debt attached and are therefore more easily profitable for their owners.

Mr. Otto Norland, an executive director of Hambros Bank, presented a working party paper on the financial implications of the surplus which, he said afterwards, indicated that "we are not likely to see any major bankruptcies with the inevitable chain reactions."

Divisions of opinion over how long the crisis is likely to last emerged clearly yesterday.

The fact that the total tonnage of tankers laid up has fallen from 55m. d.w.t. at the start of the year to around 37m. d.w.t. this month, has raised optimism among several independent owners.

However, BP representatives presented their best thinking which was as gloomy yesterday as last autumn, and did not foresee a recovery before 1982.

'Ease speed limit' plea

ONE OF the motor industry's leading figures yesterday called on the Government to lift speed limits introduced three years ago during the oil crisis.

Mr. David Plastow, President of the Society of Motor Manufacturers and Traders and group managing director of Rolls-Royce Motors, said at an eve of motor show lunch at Cobham, Surrey: "It is time we started to nudge the Government to recognise that fuel-saving speed limits are totally anachronistic. I have yet to see any worthwhile evidence which supports their objective."

He added: "The price of fuel reduced drivers' speed far more effectively than the 50, 60 and 70 mph limits which we have to adhere to."

"Speed limits in Britain are much more restrictive than those in Europe. We will soon begin to be influenced by changes in the design and development of our cars. Brakes and handling will be affected if the restrictions are not lifted."

Plea for grant increase

A DEPUTATION from the North of England Development Council will meet Sir Alan Williams, the Minister responsible for regional development, in London today to ask for its annual Government grant of £108,000 to be increased to £400,000. This would put it on an equal footing with other regional agencies in Scotland and Wales.

There have been more visitors from all over Europe, particularly from Norway, Sweden and Denmark. Largest percentage increase was from the Middle East with the number of visitors increasing more than a third.

Each Government agency must play its part, but it is hoped that the new sources of resources and means of operation.

Sir Alexander said he felt that the authority should be a special case over public spending cuts because of money it attracted.

Sir Alexander estimated that there will be about 10m. visitors to Britain in 1976 and they will spend £1.5bn. "If we include fares spent with British carriers, total earnings could be in the region of £2bn. In one word what has happened to British tourism is outstanding."

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Williams & Glyn's rate increased

By Michael Blanden

WILLIAMS & GLYN's, the smallest of the big five London clearing banks, yesterday announced an increase in its base lending rate from 13½ to 14 per cent from today.

The rise brings the bank into line with Barclays Bank, and suggests there could be pressure on the other big banks to raise their lending rates.

Barclays raised its base rate by 2 per cent immediately after the Government increased the Bank of England's minimum lending rate from 13 to 13½ per cent on October 7 as part of the package to bring money supply under control.

The other London clearing banks held their increases at only 1½ per cent, with a 13½ per cent base rate. They apparently hoped that the rise might be short-lived.

Money market rates rose yesterday, with a shortage of funds in the market partly reflecting the amount of money which has moved into gilt-edged stocks.

If the market stays at its present level there is a strong likelihood that the other big banks, Lloyds, Midland and National Westminster, will be forced to move into line with Barclays.

Williams and Glyn's also announced that its rate on seven-day branch deposits is being raised by ½ per cent, to 11 per cent, also the same as is being offered by Barclays.

Therefore, "the maximum permissible growth of M3 is less than 10 per cent a year. But, under control could mark a watershed in British economic policy. There would be an improvement in the position of sterling but unemployment would rise again and, in the longer term, the economic recovery would be aborted."

The bulletin points out that the increase of more than 8½ per cent in money supply in the first half of the current financial year leaves little room for further growth within the 12 per cent target laid down by the Government. Next year, it suggests, the International Monetary Fund almost certainly will require the money supply on the wider definition, M3, to be lower than this year.

The bulletin adds that in this situation monetary factors would be working in favour of sterling. It repeats the Greenwell argument that movements in the external value of the pound reflect the domestic monetary situation, with an excess money supply tending to lead to flows abroad and a weakening of sterling.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will probably press Britain's case for a 58-barrel minimum price at today's meeting of Common Market Energy Ministers in Luxembourg.

The British Government is anxious to secure agreement so as to protect North Sea investments in case OPEC countries cut drastically their oil prices.

All nine EEC member States agreed at a Rome summit almost a year ago that there should be a price guarantee mechanism, but since then France and Italy have opposed its implementation.

It is doubtful whether the Nine Ministers will agree on a cohesive floor pricing policy today. They are still a long way from reaching a unanimous approach on an EEC energy policy.

The measurement of labour efficiency in retail stores: VEDD Books, 1 St. George's, 11, Tothill Street, London SW1H 9LT. £1 (£1.15 postage paid).

Britain should earn £2bn. from foreigners, says tourism chief

BY JOE RENNISON

BRITAIN should earn £2bn. from foreign tourists in the year beginning next March, according to Sir Alexander Glen, chairman of the British Tourist Authority. But, although the tourist boom of the 70s in Britain continues unabated, we must not be complacent about our favourable international rating.

Particularly encouraging for Britain was the fact that, after two years, Americans are beginning to return in increasing numbers.

This summer their numbers reached the equivalent of 1.6m. a year, equalling the record 1975 figure.

Sir Alexander was commenting on the authority's report for the 12 months up to last March which again showed record earnings and a record number of visitors. Encouraged by the declining pound and better weather, Britain entertained 9m. overseas

visitors last year, who spent almost £1.5bn. here. These figures are increases of 12 per cent on the previous 12 months and totalled 13 per cent of invisible exports and 4 per cent of all exports.

Earnings from overseas visitors are the equivalent of an income of £4m. in foreign exchange.

Special case

There is no room for complacency, the report says. International competition is growing fiercer and Britain must work harder to retain and increase its share of the world tourism market.

This is despite the fact that the Government will not increase resources available to the authority to promote the industry. Indeed, because of the fall in the value of sterling, spending power for overseas ventures

Howe supports demands on inflation accounting

BY MICHAEL LAFFERTY

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, yesterday added his voice to the growing demands for the accountancy bodies to publish practical proposals on inflation accounting.

Cautioning the accountants against trying to find "the final perfect answer," Sir Geoffrey stressed the importance of being willing to settle, sooner rather than later, for a reasonably practical method of dealing with the worst of the problem.

It would be all too easy for the best to turn out to be the enemy of the good, he declared.

Speaking on the relationship between the professions and the State at the English chartered accountants' annual conference in Harrogate, the Shadow Chancellor said that exclusive responsibility for the maintenance of standards was the hallmark of a true profession.

He welcomed the establishment of the Cross committee to investigate the regulatory provisions of the U.K. accountancy

bodies, and pointed out that for almost all professions some action by the State had turned out to be a necessary feature of a self-governing regime.

"Legislation has been needed to give authority to some disciplinary tribunals or to establish the General Medical Council."

"Certainly a profession's disciplinary procedures must be able to reach out so that there is no hiding place for the offender. They must be able to assert their jurisdiction effectively and have access to all the relevant evidence. They must be able to achieve a common standard throughout the profession."

The profession's proliferation of initials and organisations was "confusing and tiresome" to clients.

"The continued multiplicity of your organisations could be regarded by politicians as your most vulnerable point. How, if they are asked, are uniform standards of practice and discipline to be enforced except on the basis of greater unity?"

Interest rate rise 'will stop economic recovery'

BY MICHAEL BLANDEN

THE rise in interest rates and strong emphasis on controlling money supply evident in official policy will bring economic recovery to a halt, Greenwell, stockbrokers, say today.

The firm suggests in its latest monetary bulletin that recent moves to bring money supply under control could mark a watershed in British economic policy. There would be an improvement in the position of sterling but unemployment would rise again and, in the longer term, the economic recovery would be aborted.

The bulletin points out that the increase of more than 8½ per cent in money supply in the first half of the current financial year leaves little room for further growth within the 12 per cent target laid down by the Government. Next year, it suggests, the International Monetary Fund almost certainly will require the money supply on the wider definition, M3, to be lower than this year.

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MOTOR SHOW



Nearly 40 years separate these two motor show exhibits from Rover: on the right, the company's new 3500 saloon; left, the Rover 14 exhibited at the first Earl's Court motor show in 1937. Rover is one of the few manufacturers to have been represented since that show. This year's is the last to be held in London; the next will be at Birmingham in two years' time.

It will be a sporty motor show

BY TERRY DODSWORTH

NEW and revised British sports cars will be one of the main attractions of the Earl's Court motor show, due to be opened in London tomorrow by Mr. James Callaghan, Prime Minister.

Forecast among these will be new models from Bristol, Aston Martin and Panther. Blackpool-based TVR is to exhibit substantially revamped TVR coupes, and AC Cars is showing the latest prototype of its mid-engined AC 3000 coupe.

The new Aston Martin Lagonda, which has been the subject of much speculation, has emerged

as a super-luxury car incorporating an advanced electronically controlled instrument panel with graphic and digital displays.

U.S. space technology has helped produce a speedometer operated by a touch of the switch and an electronic display showing average speed and fuel consumption on a journey combined with a fuel consumption reading.

The 17-foot wedge-shaped car, powered by Aston Martin's V8 engine, and with a top speed of more than 140 mph, will cost £20,000.

Reliant, the Tamworth-based manufacturer, has announced an increase in production of the Scimitar from 35 cars a week to 60 in an effort to boost exports. Coinciding with this are changes which give the car more refinement and comfort and price increases which will push the car over the £5,000 mark—to £5,194 for the GTE overdrive and £5,288 for the GTE automatic.

Panther will be showing a new Vauxhall-powered Litra sports model and Bristol is introducing its 803 saloon to replace the 411 series which was launched at the 1969 motor show.

Another point of interest at the show, the last to be held in London before it moves to Birmingham in two years' time, is the new small 1.5 litre diesel engine from Volkswagen incorporated in the VW Golf.

The Continental specialist manufacturers are putting on a strong display with new models from BMW, Audi, Mercedes, Lancia and Maserati.

The show opens with the British car manufacturing industry still under a heavy cloud and an official prediction that imports will remain at their present high level next year.

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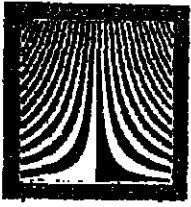
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

DATA PROCESSING

Super-computer by Burroughs

TAKING its European centres while, however, it has let it be somewhat by surprise. Burroughs announced from its own large Detroit headquarters over the week-end that it was planning a "super-computer" to carry out the solving of problems at present considered too large for existing large machines.

The machine will be an array processor, that is a series of smaller computers operating in parallel on a large problem carved into sections. But it will be so powerful that it will need one of the company's largest conventional machines to prepare and feed it with information and collect the results.

Suggested applications are in meteorology, space studies, logistics and so on. But the delivery date is still far off since the first machine is not expected to be set up and running until the last quarter of 1987.

Burroughs will not disclose details of the machine's architecture till early next year. Mean-

is comparatively little gain since the initial capital input is high.

Ingenuity in software could find a way through and, since the arrays now under consideration consist generally of a series of microprocessors, the cost of the processing unit of an array machine could be an order of magnitude less than the equivalent conventional machine.

Already, ingenious designers have put stacks of microprocessors together to simulate large machines at much less cost, using the latter's standard operating routines much more efficiently. Advances in electronic engineering are thus opening up completely new perspectives in computing. Software is not keeping pace with them and this is prompting the manufacturers of electronics devices to talk about the eventual replacement of software with low-cost large-scale integrated circuits.

Competing with IBM

TEL's A/4 AND A/5 equipment, competing with IBM from the 370/138 machine and upwards will be available in the U.S. within the next six months and in Europe three months after that.

Described on this page a week ago and announced by the company at the week-end, the ITEL computers are intended to take a share of IBM's medium to large-scale machine market. In Europe, total IBM installations are expected by ITEL to reach 8,000 (360 and 370) by the end of this year. Up to a third of these are potential customers for ITEL, the latter says.

But potential users will want to know what the "survivability" of ITEL is likely to be. To this question, company representatives reply that the company is running about \$700m. worth of IBM processors and ITEL peripherals.

Specifically, ITEL has made a name as a supplier of disc systems compatible with IBM equip-

ON STREAM

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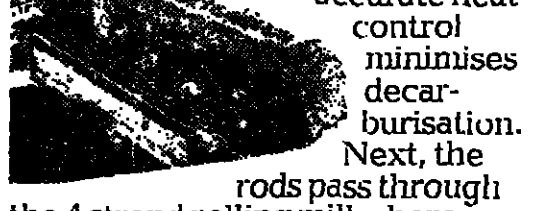
Take a closer look at the production process. Incoming raw



billets are carefully inspected and casts are segregated in pens—so the pedigree of every coil is known. Billets that come up to the stringent standards required are then

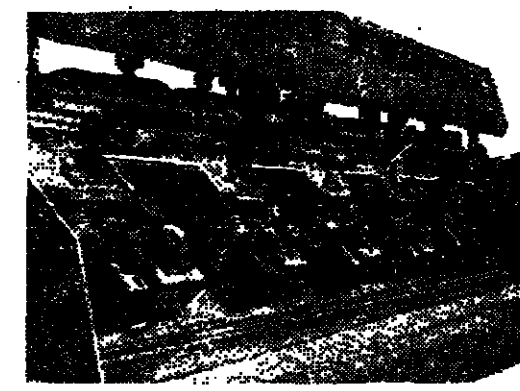


passed to the walking beam furnace where highly accurate heat



control minimises decarburisation. Next, the rods pass through the 4 strand rolling mill where shear cropping eliminates front end defect. In the no-twist finishing mill, tungsten carbide

rolls are alternatively angled at 45° to give a rounder, more



uniform cross-section. Finally, rods pass through the Stelmor process for cooling by high pressure water and air blowers and are then front and back end trimmed, tested and compacted into 1350Kg coils and strapped with four steel bands.

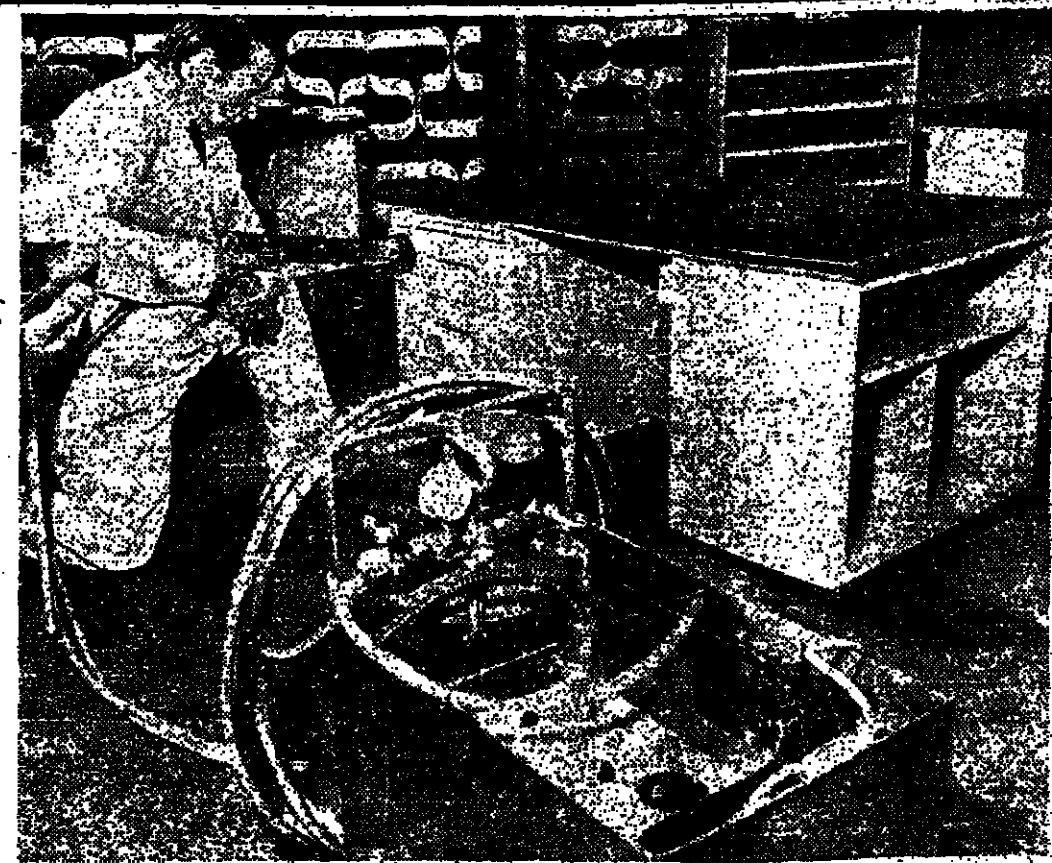
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and production that enables GKN customers to plan well ahead with no more headaches about continuity of supply.

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ROD MILL



CALCULATORS

CBM launch hits Sinclair

THE COMPANY'S first programmable calculator, the PR 100, a scientific unit with over 30 pre-programmed functions, ten independent memories with full memory arithmetic, able to store 72 program steps, leads a new range of calculators from CBM Business Machines, 446, Bath Road, Sibush, Berks. SL1 8BB (06286 3224).

Included in the range are third generation versions of the Navigator and Statistician. Incorporating specialist user pre-programmed functions (for example, computing a course correction and distance off requires only three inputs).

CBM considers that styling will be one of the most important selling features of new calculators. The latest standard machine is the Silverline, demonstrating a completely restyled appearance with a very slim aluminium-fronted case.

The company believes the market to be expanding rapidly still, particularly in the use of calculators in education. Three digital five-function (hours, minutes, seconds, day, month) watches also launched yesterday by CBM will be in retail outlets by next month. Prices range from £18.95 to £21. The company does not expect to see a digital watch competing with the lowest end of the mechanical watch market—CBM's 55 digital—before the end of next year.

MATERIALS

Soft seat for control valves

THE SEALING material used in all soft-seat high pressure valves made by Unit Controls, Whitefield Road, Bredbury, Stockport, Cheshire, SK6 3QR (061-430 5207), is now PTFE (polytetrafluoroethylene).

Replacing PTFE, it allows the valves to operate in a wider temperature range—200 to +120 deg. and withstand pressures up to 6,000 psi, extending their application in the petrochemical and offshore industries.

The valves have bodies of zinc-plated carbon steel or 316 stainless steel. A non-rotating one-piece rise and fall spindle is fitted with soft seats include shut-off valves, isolating, circulating and venting combined function valves, and multi-port valves.

MAIN FEATURE of an anti-seize thread lubricant developed by Acheson is its ability to maintain a load-carrying barrier between the mating surfaces in

threaded components operating at up to 1200 deg. C. The lubricant contains a blend of solids which, the maker says, will support stresses beyond the yield limit of steel and pressures greater than 50 tons/sq.in., so that metal pick-up during assembly is prevented.

It also protects threads against corrosion and seizure caused by high humidity in marine and other aggressive environments. The lubricant, which can be applied by brushing or dipping, and is stated to be safer than copper-based thread compounds.

Suggested applications include the flange bolts of pipes and pressure vessels, and on vehicles for exhaust systems, manifold bolts and from Acheson Colloids, Prince Rock, Plymouth PL4 6SP (0752 266351).

Fibre goes into many products

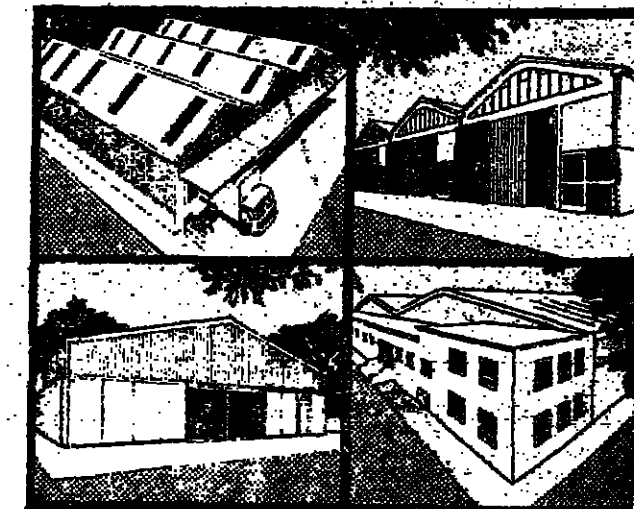
FLOCK FROM olefin polymer, basically akin to polypropylene fibre, is available from Plastichem in a variety of staple lengths and deniers.

It is offered as a binding agent in paints, concrete, plasterboard and other building materials, or as a reinforcement in the manufacture of Kraft paper and corrugated board.

Applications under investigation include in security printing and as an insulant in building work, following a crimping operation. Finer deniers are also being evaluated.

Plastichem, Drighlington, Bradford BD11 1BV, West Yorkshire. 097 300 2202.

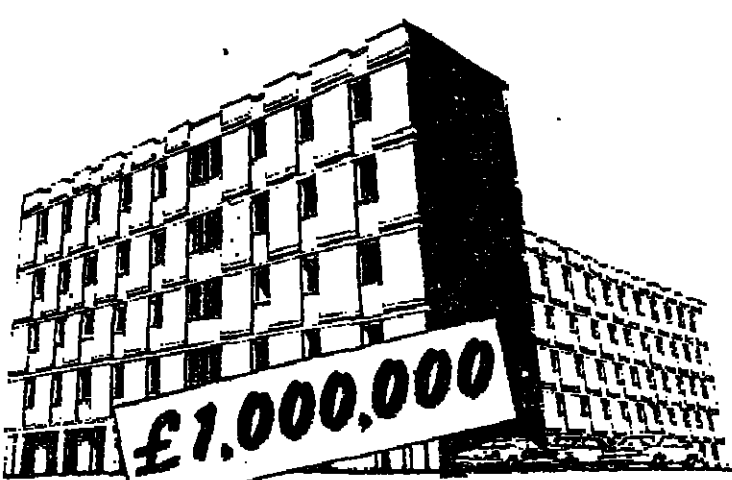
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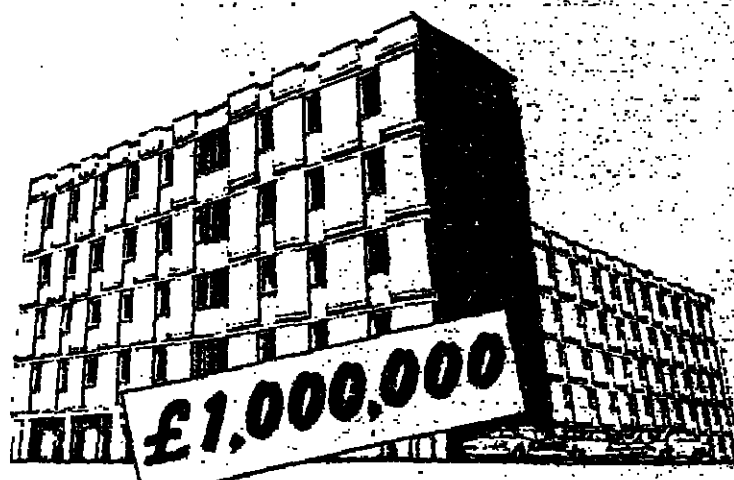
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LABOUR NEWS

Benn seeks assurances on Nigg refinery plan

BY CHRISTIAN TYLER, LABOUR STAFF

CROMARTY PETROLEUM, the £100 million company which plans to build a \$180m oil refinery at Nigg on the Cromarty Firth has been asked for specific assurances by Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Wedgwood Benn wrote to the company yesterday, shortly after meeting Mr. Jack Jones, general secretary of the Transport and General Workers' Union, and two senior officials of the company who are suspicious of the company's plan.

Mr. Jones, accompanied by Mr. John Miller, national secretary with responsibility for oil refineries, and Mr. Ray Macdonald, Scottish regional secretary, echoed an objection previously made by major oil companies that there is already a surplus of refinery capacity in Britain.

They also asked the Energy Secretary whether the refinery would be handling only North Sea crude oil or importing heavy crude from the Gulf as well.

The union is worried that the number of jobs created by the refinery could be outweighed by the threat to jobs at existing refineries, which are said to be working at only 64 per cent. of capacity.

Behind the TGWU's unusual alliance with the big oil groups is a belief that the decision of the Secretary of State for Scotland to approve the scheme, contrary to the findings of the planning inquiry inspector, was a political one aimed at attracting Scottish votes.

Mr. Wedgwood Benn's letter yesterday asked Cromarty Petroleum for assurances that its main purpose would be the handling of North Sea oil, that it would be exporting products, but also

capable of producing products for sale in the U.K.

He asked how many jobs would be created and whether there would be a general employment gain.

Dealing with the TGWU objections, Mr. Wedgwood Benn pointed out that, although there was a surplus capacity, there was little capacity designed to handle the light crude of the North Sea. The Government wanted two-thirds of North Sea production to be refined in this country.

Meanwhile, a Bill confirming the company's right compulsorily to purchase 473 acres of foreshore at Nigg linking the proposed refinery site to the sea has been blocked in Parliament by MPs of both main parties.

Cromarty Petroleum, with 100 per cent. of equity and operating from Soho, is ultimately controlled by Mr. Daniel K. Ludwig, a 78-year-old Texan billionaire.

'Sacked for working too hard' claim denied

By Our Labour Correspondent

A WELDER'S claim that he was sacked from Electroflux, a plant and dismissed ten other workers who have been on strike twice since the new Cortina IV was launched a fortnight ago.

The company warned the men that they would be dismissed unless they reported for work yesterday afternoon and carried out their threat when the men failed to arrive.

Thousands of other Ford workers were told to report for work as normal this morning. The company says that it intends to re-staff the door setting section with other employees to-day. But if this proves impossible because of the reaction of shop stewards and other workers, widespread layoffs will result.

Ford is obviously aware that its action will be branded as provocative by militants but is prepared to make a firm stand on the issue, in order to get the new Cortina established without further disruption and to prepare the way for introduction of the Fiesta, which arrives at Dagenham soon.

According to the company, enough men volunteered to take over the door setting work even though the door setting work was

Dagenham strikers dismissed by Ford

BY ALAN PIKE, LABOUR STAFF

FORD MOTOR management last night gave a fighting response to the troubles at its Dagenham plant and dismissed ten door-setters who have been on strike twice since the new Cortina IV was launched a fortnight ago.

The company warned the men that they would be dismissed unless they reported for work yesterday afternoon and carried out their threat when the men failed to arrive.

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APPOINTMENTS

Senior executive changes at BAT Industries

Mr. P. D. Tindley, deputy chairman of BAT Industries, will be managing director of Warner's (Europe) from December 1. He is retiring from the Board on November 30 after 40 years with the group. Mr. Tindley has been chairman of Wiggins Teape since its acquisition by BAT in 1970 and will be succeeded by Mr. N. J. M. Bennett as chairman of the Wiggins Teape group.

Mr. Bennett, who is a now group director of Wiggins Teape, has been the managing director of Wiggins Teape since 1968 and will become both chairman and managing director from December 1.

Mr. David R. M. Penstock has been appointed London representative of CYRO SAUCK and SOHN, Frankfurt, and BAUCK BANQUERS LUXEMBOURG SA, Luxembourg, in succession to Mr. Manfred G. Braun, who is now general manager of Hauck Banquiers Luxembourg SA.

Mr. T. B. Walker, former chief superintendent, West Midlands Police, has joined the CHUBB ALARMS GROUP as chief security adviser based in Birmingham.

Mr. A. J. Gould-Davies has been appointed as chief executive of BOOK CLUB ASSOCIATES (which is an equal partnership between W. E. Smith and the U.S. publisher, Doubleday). Mr. S. T. Remington, previously general manager, has been appointed chief executive.

Mr. D. V. M. Howell has been appointed managing director of WILSON INTERNATIONAL, the U.K. subsidiary of Wilson International AB, a member of the Swedish Gullberg Group.

Following the retirement of Mr. R. H. N. Jamieson, who has been managing director of the newly created post of director, corporate affairs. He was previously with Imbucan/AIC. Mr. Robert Langford, who was managing director of Pritchard and continues as group chief accountant. Mr. Donald Pearce, who is secretary and from the Board, but remains in a part-time consulting capacity.

Mr. A. J. Arwater has been appointed a director of TILBURY CONTRACTING GROUP, which will be responsible for personnel, industrial relations and training.

Mr. Anthony Part has been appointed a non-executive member of the ENI Board. Sir Anthony retired from the Civil Service last June.

Mr. K. R. Laver has been appointed a director of the LAMBERT BROTHERS marine division of Lowndes-Lambert Group.

Mr. Nigel East and Mr. Mike Storey are to be appointed as directors of the HAYWARD ELECTRONICS COMPANY from November 1. Both have been with General Electric for several years as manager of works and engineering, respectively.

Mr. Ian McIntyre has been appointed chairman of the BRITISH MUSIC FESTIVALS in succession to Sir Kenneth Edge, who has retired.

Mr. Kenneth Edge, currently managing director of WARRIOR, has been appointed a director of the U.K. based in London, will be

Mr. T. W. L. Williams, at present an interim Secretary in the CIVIL AVIATION AUTHORITY, has been appointed to fill on promotion a Deputy Secretary post in that Department with responsibility for manpower, management, the Civil Aviation Computer Agency. The appointment will take effect on October 25.

MORGAN GUINANTY TRUST COMPANY OF NEW YORK has made the following promotions to assistant vice president at its London offices: Mr. L. T. Cowen, head of the corporate evaluation department, and Mr. M. Clark, head of the banking division.

Birmingham drivers 'beat spy in cab'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LORRY DRIVERS in Birmingham last night claimed complete success for their militant policy of refusing to take out vehicles fitted with tachographs—the recording device branded by unionists as the 'spy in the cab'.

Mr. Alan Law, Transport and General Workers' Union Midlands trade group secretary, said that 188 companies had complied with the union's demand for the replacement of tachographs by speedometers. Extensions of time had been granted to a further eight companies unable to get replacements.

The national road transport committee of the TGWU has swung into line behind the Birmingham members in demanding complete removal of tachographs.

However, the national committee, before considering more militant action, is seeking a meeting with Mr. William Rodgers, the Transport Minister.

Under Common Market regulations, tachographs had to be fitted on all lorries of more than 3.5 tons from the beginning of this year.

BSC agrees rises within pay policy

THE BRITISH Steel Corporation has agreed pay rises within the incomes policy for 30,000 staff who are members of the Iron and Steel Trades Confederation.

Although January is the traditional anniversary for BSC staff the rises will be back-dated to August. The last negotiated increase was in January last year, when 21 per cent. increases were supplemented by threshold increases.

These produced 5 per cent. in May, 10.38 per cent. in August and 2.5 per cent. in November last year.

Walk-out defers SKF import plan

PLANS TO import millions of pounds' worth of ballbearings at a cost of up to 100 British workers' jobs were put back after 1,800 workers walked out in protest yesterday.

SKF, the Swedish-owned company told Union leaders it planned to halt ballbearing production at its Sundon Park fac-

tory, near Luton, Beds., import them from Sweden, and assemble them in Britain.

After the 1,800 workers walked out at Luton, Mr. Philip Champion, SKF company secretary, said: "No further action will be taken to introduce new products until there is a satisfactory result from further talks."

BBC names business group

FIVE unionists and five industrialists have been named among the 15 members of the BBC's new consultative group on industrial and business affairs.

The group, under chairman Sir Frank Figueres, formerly director-general of the National Economic Development Office and chairman of the Pay Board, is to look at the BBC's activities as a

Separate issues

Mr. Ray Phillips, Electroflux industrial relations director, said that the company categorically denied Mr. Daly's claims. Mr. Daly had been dismissed not because of any arrangement between management and the unions, but for refusing to undertake another welding operation.

For the AUEW, Mr. Arthur Sjögren, Luton district secretary, stressed that the two issues were completely separate and underlined that the AUEW shop stewards convenor had made representations on Mr. Daly's behalf when the dismissal notice was issued.

On the earlier issue of the fine, Mr. Sjögren said that Mr. Daly had disregarded and reneged on a shop floor decision for which he was charged under the rules of the union.

Explaining why the welders took their decision on output, Mr. Sjögren said that for this particular "lousy, awkward job," the men fixed an output rate they thought matched the money they received. Any increase in production they felt would warrant extra pay.

Mr. Daly claims that by asking him to slow down, the union was reducing his earnings which were £76 a week at that time. But the management said yesterday that the job they wanted to switch him to would have enabled him to earn about £4.25 a week more.

NCB pension fund swells to £550m.

BY ERIC SHORT

THE LATEST report of the National Coal Board Staff Superannuation Scheme, covering the year to April 5, shows the operations of a pension scheme in which there is 50 per cent. member representation with active trade union participation.

The picture is that of an orthodox fund pursuing primarily conventional investment policies.

During the year £57m. was invested in gilt-edged stock to take advantage of the high yields while £250m. was invested in equities and £21m. in property with a further £32m. committed. The fund increased by £90m. to £550m. and the yield rose one-quarter of a point to 8.21 per cent.

An analysis of the equity portfolio reveals that 32 per cent. is invested in the financial sector compared with 36 per cent. at the end of the previous year. There is no sign of an undue preponderance of investment in the members of the committee of

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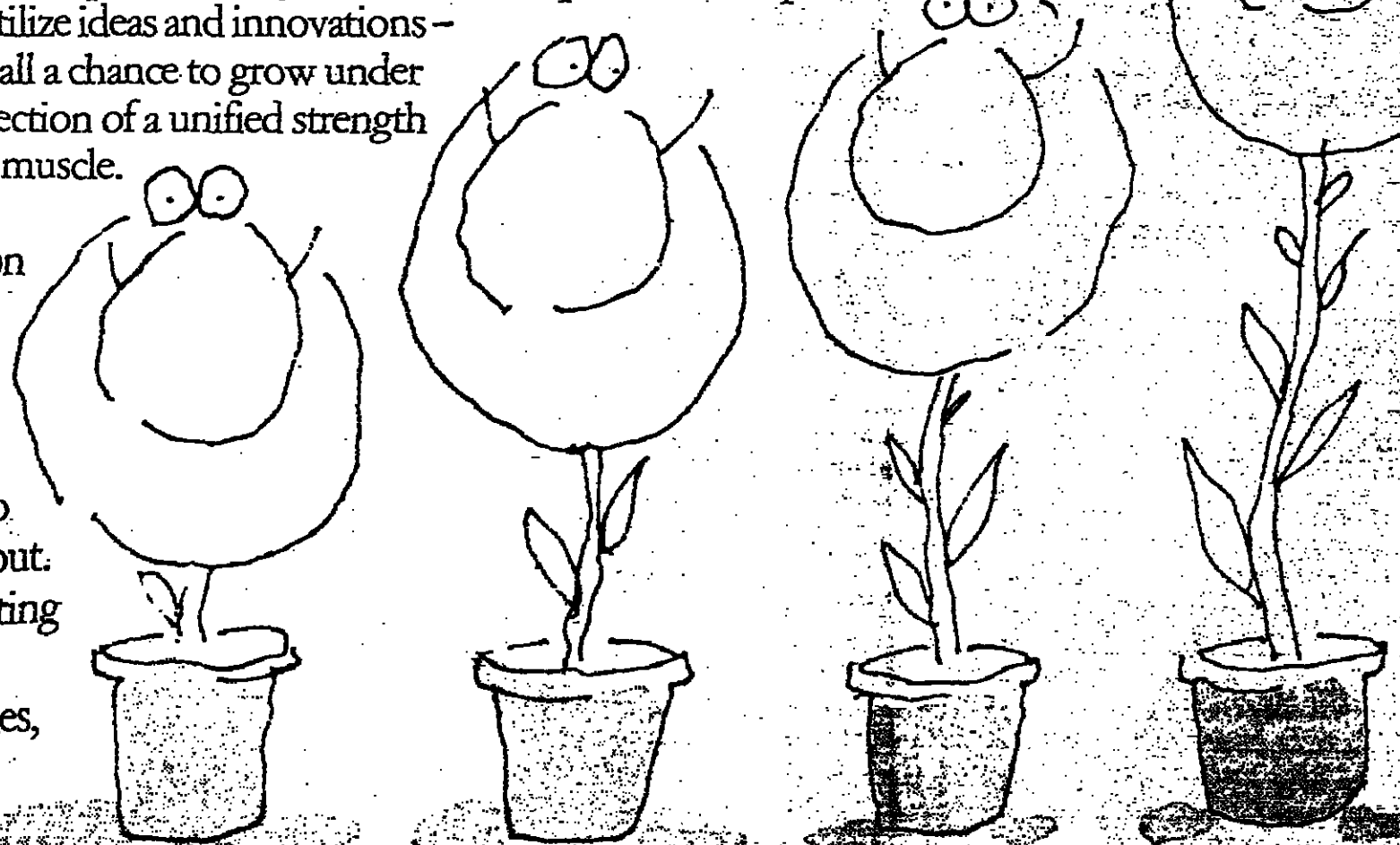
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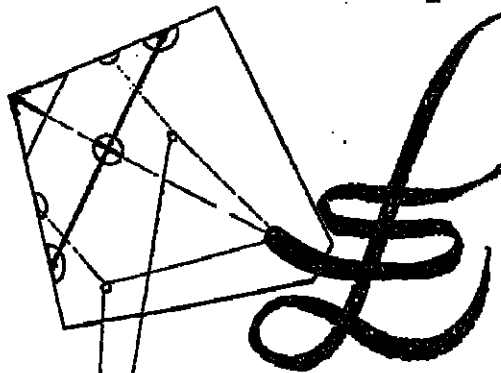
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The Management Page

EDITED BY JOHN ELLIOTT

Questions of whether political patronage has taken precedence over a need for business experience are raised by Edward Short's appointment as chairman of Cable and Wireless. Max Wilkinson reports

A Labour leader in the boardroom

THE appointment of Mr. Edward Short, the Labour politician, to be the £9,080-a-year chairman of Cable and Wireless has met with considerable criticism among MPs and elsewhere. While controversial on political patronage grounds alone, the choice is even more surprising because it seems to conflict with a procedure laid down by the Government itself for choosing an ideal candidate.

His appointment, at the age of 62, as head of a profit-making company in the highly technical and competitive world of telecommunications led to 14 hostile Parliamentary questions being tabled last week. These signify a good deal more than the view of a few Opposition Members of Parliament.

There is also the worry that whatever his political competence, Mr. Short has the wrong background for taking charge of one of the few nationally owned enterprises to be commercially successful as well as a substantial earner of foreign exchange.

When Mr. Short stops being an MP and gives up the deputy leadership of the Labour Party at the end of the month he will have spent 22 years in Parliament. Earlier, he was leader of Newcastle City Council for three years, headmaster of a Blyth secondary modern school, and a wartime captain in the Durham Light Infantry. Apart from a spell as Postmaster General ten years ago, Mr. Short has had very little contact with the commercial world over which he will now preside.

He was offered the job at Easter as part of a bargain with Mr. James Callaghan, who had just become Prime Minister. Mr. Short left the Cabinet and agreed to step down as deputy leader of the party, but the announcement of his new post was kept secret until ten days ago.

"This is how I see the job. It was particularly ironic, too. I shall also be working

Great and good

"Thereafter, Departmental practice is to consult the list of the great and the good or possibly to ask consultants to take on the task of finding a suitable candidate, though this has not been done in the case of Cable and Wireless. The last two chairmen have been former high-ranking Post Office officials with considerable experience in the telecommunications field. And the Department would clearly be looking for people who would bring a great deal of experience in the kinds of fields in which Cable and Wireless are operating."

Mr. Short will be expected to put in about three days a week for his salary of £9,080 a year and to travel all over the world visiting foreign Governments in the far-flung outposts of the company's empire. He is not perturbed about his lack of technical know-how or business experience: "It is not an executive chairmanship; there is an excellent managing director who is in charge of the day-to-day running of the company," he says. "One of the past chairmen has said that he saw agreed to step down as deputy leader of the party, but the announcement of his new post was kept secret until ten days ago."

"This is how I see the job. It was particularly ironic, too. I shall also be working

out general policy as chairman of the Board of directors, which is called a court in this company.

"When I was at the Post Office I had quite a lot to do with the telecommunications side, and I actually appointed one of the previous chairmen. I have a nodding acquaintance with the technical side, and to the best of my ability I will be getting a good deal further into the subject."

Mr. Short's immediate task will be to arrange trips to the Caribbean, the Arabian Gulf and the Far East to meet some of the 10,000 staff which Cable and Wireless employs throughout the world. Inevitably, he will have to combat anxiety and suspicion from senior engineers who are unlikely to welcome a political appointment to the chairmanship.

The main reason is that the company is now poised critically between its traditional concessionary business for foreign governments, many of them former Commonwealth countries, and expansion into new fields in the competitive open market. It is expected that governments will sooner or later want to take over the running of their own communications services so, largely for political

reasons, Cable and Wireless may be eased out.

Since telecommunications is intertwined with politics, it is thought to be inevitable that these Governments will decide eventually to "run their own show" as the British Government did in 1949, when Cable and Wireless was nationalised.

The company has therefore put in enormous efforts over the years to appear as politically neutral as possible; to emphasise its technical service and to minimise the effects of public ownership. It is also transforming itself into a modern commercial outfit from the old civil service style of management.

The present chairman, Mr. Peter Lillier, is very much a technocrat—a former engineer who became a senior Post Office official in charge of telecommunications. He was eminently qualified to be a front man who would, if necessary, keep the British Government at arms' length.

It is therefore exactly in the political field where he has most experience, that Mr. Short's background could prove to be most embarrassing. In general, the company accepts the ultimate control of the Government which exercises super-

Politician

Whether an experienced politician like Mr. Short will be better equipped than a former civil servant to deal with potential conflicts of this sort is obviously an open question. It is one which is at the heart of any debate about the running of nationally-owned corporations.

It is not even just a question of whether Mr. Short will be good at the job; and it must be said he had a reputation of being an efficient, though not a sparkling minister. He is hard working, reads widely, and in spite of his austere and for-



Mr. Ted Short, the new chairman of Cable and Wireless, against a background of the satellite communication aerial built by the company at Goomhilly, in Cornwall.

and now his boss) that the in-private industry. Cable and return on capital is 23 per cent. Wireless recently found they were unable to attract a marketing director at the salary a record £40m. Furthermore, the outlook is offered. So they were forced for sustained growth as the to create a junior position where importance of telecommunications they were allowed to pay more. Mr. Short says: "I realise the Government will not all be incomes policy but there are polite congratulations, for Mr. Short is already worried about people enough in nationalised the low level of salaries being industries. In many cases people paid to the company's directors are only staying out of sheer These salaries are fixed by dedication and there is a danger the Boyle Committee on top in future that we will have to people's pay and have already employ less than first-rate sunk far below the rates paid people at the top."

Nicholas Leslie explains why Rolex sticks to its principles in shunning new watch technology

A traditional stand against the digital craze

AFTER MORE than half a century without competition the familiar mechanical wristwatch is now under attack from digital models which have been taken up by manufacturers at a stampede rate.

Makers of electronic calculators—such as Rockwell International in the U.S. and Sinclair Radionics in the U.K.—have adopted their inbuilt technological expertise to the market and are challenging traditional watch brands in the race for public acceptance of the new product which shows the time in digital form rather than by hands on a dial. One result has been a price war, with retail prices falling rapidly over the past year or so.

One contestant missing from this race however is Rolex, the Swiss watch manufacturer known particularly for its Oyster watches—so named because of the way its watch casings are made. Rolex makes only high priced watches—nothing under £130 in the U.K. for example—and makes great play about the qualities of its products, especially their accuracy and their ability to withstand extreme climatic conditions.

Cynicism

Many Swiss watch manufacturers showed an initial cynicism about how long digital watches would remain in public favour, but have subsequently altered their views. The extent of the revolution in the trade is difficult to assess since such statistics as are available are not wholly consistent with one another. But the Swiss watch industry has forecast that by 1985 unit sales worldwide of all watches will reach 300m, with one-third being digital, one-third mechanical, and the remainder being another type of watch known as the quartz analogue which incorporates some of the facets of digital watches but retains the traditional watch face.

Rolex, however, has tended to remain cynical and puts forward reasons why it reckons that digital watches are not compatible with the quality image it associates with its name.

Mr. Andre Heiniger, managing director of Rolex, maintains that the company has established its reputation on quality. Certainly this is the image that it has endeavoured to create as a manufacturer and it seeks to

have the image confirmed by Rolex users. While frequently expounding the technical qualities of the oyster watch, shock-proof, dustproof and retains a high degree of accuracy—it also enlists the support of people like Sir Peter Scott, the naturalist, and other well-known figures to give their own testimonials on the watches they wear.

The company's structure, both within Switzerland and around the world, is also designed to foster this image through a high degree of central control over all aspects of manufacture and marketing. To start with, unlike many other watchmakers, it makes a very high percentage of its own components with only such items as faces and hands being bought in. The more common pattern is for parts to be made by many different manufacturers.

Rolex has 18 subsidiaries around the world which form service centres manned by personnel trained in Switzerland. These subsidiaries have a high degree of autonomy so far as pricing policies in local markets are concerned but are closely monitored from the headquarters in Geneva where Mr. Heiniger heads an executive team of seven people.

The executive functions cover advertising, marketing, technical and research activities, administration and finance, and this team is responsible to a Board of directors who, with the exception of Mr. Heiniger, are non-executive. The company is owned by the Hans Wilsdorf Foundation (it was the late Hans Wilsdorf who founded Rolex) which has trustees to administer it but who leave the running of the watch business to the Board of directors.

Mr. Heiniger likes to give the impression that Rolex considers itself to be something apart from the watch industry and more of a company making a high quality precision product which happens to be a wrist watch. Certainly this explains the rationale behind his reason for not being in the digital watch business at present.

He argues that, had digital watches (with their need for batteries) been the standard model for the past 50 years and it had been mechanical automatic watches which were now coming on to the market, "that would have been progress."

While Rolex has produced experimental quartz analogue watches, Mr. Heiniger is sceptical about the reliability of electronic digital watches. This does not mean that Rolex will never produce a watch of this type and there are strong indications that it is undertaking research in this area. But it would be surprising to see any Rolex digital watch unless its accuracy could match existing ranges and it did not need a battery.

How much this way of thinking has affected the company over the past year or two is not possible to tell. Rolex is a private company and in Switzerland that means that it does not have to publish any financial results. Mr. Heiniger says that sales in the past five years have risen by 100 per cent, but then admits that it has not escaped the recession in the last year or two.

The Swiss watch industry as a whole has been one of the main victims both of the world recession and the stability of Switzerland's currency has also worked against the country in terms of overseas trade—and the advent of digital watches.

Trail-blazer

U.K. companies have not escaped either. Timex, itself once a trail-blazer with cheap mechanical watches, recently announced plans to lay off one-third of its 1,000-strong workforce at Washington, New Castle, by December because of falling demand.

Rolex has not relied entirely on faith in its product to carry it through the recession. Mr. Heiniger says he saw the downturn coming before the end of 1973 and made plans to reduce production accordingly. They included the reduction of the

workforce by about 10 per cent, they expect the traditional although he reckons that a large watch face to show a resurgence part of this outlook would have eventually.

The Rolex belief in its technical expertise and innovation in production techniques requiring less operatives were being introduced to reduce costs has just set up to mark the 50th anniversary of the creation of its Oyster watch. Total prize money is Sw.Frs.250,000 (about £27,000) to be divided equally among three awards. These will be made in the areas of applied sciences and invention, involving any step forward in research in science and technology, exploration, and discovery, involving some example of human endeavour, and the analogue watches and on finally the environment, to be a digital type with liquid crystal display (LCD). This proves or saves some aspect of the environment or animal wild. The three subjects were decided upon following a pooling of views of managers around the world and is open to contestants on a worldwide basis.

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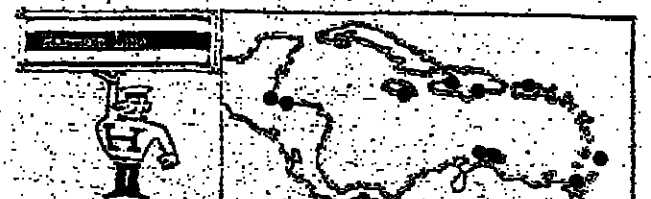


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The message of the retail figures is in fact the same as that of the setback to investment—confidence first and arithmetic second, it will be on the way to sounder policies.

BY OUR EUROPEAN CORRESPONDENTS



the parities that were done away with on Sunday. Apart from the coming and going of France, there had not been an adjustment between to-day's member currencies since the Norwegian krone was revalued in November, 1973. The record of inflation rates in the various member countries during the past three years has made clear that, in terms of what each currency could buy, the snake exchange rates were becoming

Yet in Bonn and Frankfurt there was certainly no battery of wage and price controls. Germany accounts for

All three Scandinavian countries have, been running large current balance of payments deficits for the past few years and all experienced a serious run on their reserves up to the German election. All three raised their discount rates recently. The Swedish rate went up from 8 to 9 per cent at the beginning of this month and the Danish rate from 8½ to a record 11 per cent, a day later. The Danish krona is clearly the weakest of the Scandinavians, with an economy buffeted by persistent and heavy current account payments deficits and a massive foreign debt. Yet because of the snake association with the Mark, the trade-weighted appreciation of the Danish currency from December, 1971, until the end of last month, was about 17.5 per cent. The oil revenues which are now beginning to roll were expected by the Government as well as bankers to make the

more than a third as lax commodity export revenue easily a record. The payments deficit for this year expected to run to Kr.10bn, over 3 per cent GDP compared with the vicious record of Kr.6bn. in 1971.

Now the deed has been done. The snake lives, but renovated interior. The bank governors stated yet that it could be only guarantee a lasting existence if from time further small amounts to its parties could be made. The snake has become an enclave of "flexible exchange rates" — advantages to trade, a "modicum of economic constraint on members' payments, open knowledge of the return of the lira, or the French. Yet of original idealistic of economic and monetary union there remains scant trace.

closed, and Good says the shareholders of Britcar are individuals rather than financial institutions. The majority of Jensens were exported, and most of them went to the States—thus, Good says, explaining why Good and Regalia and their backers should want to go on being involved. The one question not settled yet is who should be chairman.

Valuable

In France, everything has a price, it seems. One tax newsletter, which keeps tabs on developments round the world, notes that in France "a taxpayer may request to be

Now two issues old, the paper has perhaps missed the boat a little as far as the tourist season is concerned, but that will give it the opportunity to

anagram of "In total chaos?"
"Crect!"

Observer

Home: well informed about the terms L.L. Green West Kent, Bedford, Middlesex. UK-208

In 1975 some of the world's largest car producers approached the depths of financial despair. But now as the leaders in the industry gather for this year's Motor Show they are telling a totally different story with virtually everyone making money again.

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

has also witnessed a vast change in the relationships of the General Motors and Chrysler subsidiaries to their Continental partners. One of the main conditions of Government help for Chrysler U.K. was that its U.K. operations would be more firmly integrated into the American-owned group's French (Simca) and Spain (Barreiros) interests. This has already begun, with Chrysler U.K. taking components for the Alpine model from France and the manufacturing of the Veldre at Ryton in Britain, and the Stoke engine plant, also in Coventry, making engine parts for Simca.

Equally, Vauxhall, the General Motors company in Britain, has pushed ahead vigorously with combined manufacturing moves, linked in with Opel, GM's German subsidiary. Body parts, for example, are swapped between the two companies for the Chevette and the Opel City; and the Cavalier, made from Opel-produced parts in Belgium, is sold under a Vauxhall badge.

These moves by Vauxhall and Chrysler, predicted for many years but slow to take off, will clearly give the two companies the advantage of much improved economies of scale. Indeed, after a period in which the problems of Vauxhall and Chrysler gave a tarnished image to the car multinationals in Europe, these big international groups seem to be making much of the running once again. Opel and Vauxhall have produced a range of models which can compete with any in the business. Chrysler has come up with an immediate success in the Alpine, and Ford is forcing its way into the top league of European producers. Estimates suggest that Ford (with a capacity of 1.7m. cars in Europe), is now standing at about number three in the table, behind only Fiat (1.85m.) and Volkswagen (1.85m.).

This great leap forward by Ford has been achieved by continuing to invest in a development programme in Europe at a time when the domestic manufacturers were severely strapped for cash. In particular this has been centred on Spain, where Ford has put \$800m. into a new

On the marketing, as opposed to the manufacturing side, the biggest issue facing the industry is exports. All developed nations

The image consists of four vertical, high-contrast black and white aerial photographs of cars, arranged side-by-side and labeled 1, 2, 3, and 4 from left to right. Each photograph shows the top-down view of a vehicle, highlighting its shape, windows, and distinctive features like the rear window or roof rack.

- Image 1:** Shows a dark-colored car with a prominent rear window and a license plate area.
- Image 2:** Shows a light-colored car with a dark rear window and a license plate area.
- Image 3:** Shows a light-colored car with a dark rear window and a license plate area.
- Image 4:** Shows a dark-colored car with a prominent rear window and a license plate area.

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THE MOTOR INDUSTRY II

Competition in smaller cars

THE BULK of cars sold in Britain and Europe to-day are small- to medium-size, four- to five-seated saloons designed around the needs of the average family. To be successful in meeting the requirements of this market, a car needs to be reasonably roomy inside and to have adequate luggage space. Once these needs are satisfied the design must be sufficiently cost-effective for the car to command a competitive price, and sufficiently conventional to appeal to the broad mass of people.

Above all it must retain its attractiveness in the popular market. With well over 60 per cent. of all sales concentrated on cars of this kind in Britain to-day, manufacturers cannot afford much bold experimentation.

Motor industry analysts tend to divide this central core of the market into cars of two kinds—smaller vehicles of about 13 ft long—like the Leyland Allegro—which are basically four-seaters; and cars of about 14 ft—like the Ford Cortina—which are adequate five-seaters. In recent years most major manufacturers have worked towards a position of having a model to compete in both sectors (Ford's Escort and Cortina, Leyland's Allegro and Marina) despite the danger of having two cars fairly closely positioned in the market.

The medium five-seater sector was pioneered back in 1962 by Ford with its Cortina, which slotted in above the Anglia. The development of the next three series of the Cortina also saw the elongation of the model (Vauxhall's Viva grew similarly in size as the motor companies responded to growing affluence by giving their customers a larger package), with more engine power.

Behind the Ford strategy was a grand design to get away from the working man's popular car image of the 1950s, and produce a vehicle which could establish a grip on the growing company car market. The Cortina proved to be the right package to do this, and as Ford moved it slightly up the market through a series of face-lifts, room was made for the Escort underneath. Inevitably other companies followed—Vauxhall with its Viva,

NEW CAR REGISTRATIONS IN BRITAIN '000					
(by cylinder cc)					
	1966	1973	1974	1975	Seven months to July, 1976
Up to 1,000	202	197	189	174	76
Per cent. of mix	19%	12%	15%	15%	12%
1,001-1,600	545	585	645	656	405
Per cent. of mix	51%	54%	52%	56%	60%
1,601-2,800	272	496	341	294	170
Per cent. of mix	26%	30%	28%	25%	25%
Over 2,800	46	68	58	42	22
Per cent. of mix	4%	4%	5%	4%	3%
Total	1,065	1,346	1,234	1,167	675

Chrysler with its Avenger and Leyland with its Marina. None made the same impact. Between them the Cortina and the Escort have held the top two positions in the U.K. market for about a decade.

Thus throughout the 1960s and early 1970s the British—and the world's—motor industry went through a process of gradually scaling up model sizes. In Japan, for example, known only a decade ago for its diminutive vehicles, Datsun has given up manufacturing any vehicle of less than 1.2 litres.

This process was given a severe jolt by the oil crisis of late 1973. Suddenly the motor industry had to switch its attention to more economical and smaller vehicles, with a consequent interest in the mini sector. In fact, this has created a need to down-grade sizes and readjust both models and engines in the middle ranges of the market as well.

Noticeable

It is quite noticeable at present, for example, that there has been a swing in Britain towards the four-seater type of car at the expense of the five-seater. In the first three months of this year small car sales went up from 33.15 per cent. of the total market to 36.44, a rise of 3.29 per cent., while medium cars lost ground slightly from 30.76 per cent. to 30.70 per cent. Equally, sales have swung towards the 1,000 cc to 1,600 cc engine range.

This upswing in the small car sector was caused partly by the

buoyancy of Ford Escort sales as the new model, launched in 1975, began to gather impact. At the same time the new Vauxhall Chevette was making an increasing impression, and the Volkswagen Golf was picking up sales.

It is significant that all of these cars are models launched since the oil crisis, that in each case the manufacturers have made a big issue of their fuel economy, and that both the Chevette and the Golf have borrowed many ideas on design from the mini sector.

What the designers of the last two cars have done is to take the wedge-shaped concept pioneered by the Leyland Mini and wed it with the rear-door hatchback configuration to produce roomier vehicles than the average in the class.

The idea of course is not new. Renault has used the hatchback idea (also utilised in the Leyland Maxi) for several years in its smaller models. But the adoption of the concept by two more major European manufacturers shows that it is gathering force to become the predominant styling fashion for smaller cars. Even Ford is reported to be thinking of a similar design for its next generation of Escorts.

One result of this development is to blur the divisions between what are known as the mini and the small car sectors. Cars like the Golf, for example, clearly owe a great deal to the design thinking which was sparked off by the pioneering front-wheel drive

small cars from Leyland and Fiat in the 1960s. But the Golf (12 foot 2 inches in length) is closer to the Escort size (13 feet) than the Leyland Mini (10 feet), and the consequence of this kind of development is that manufacturers run the danger of cannibalising sales of one model from another. How many sales will the Ford Fiesta (12 feet 8 inches), for example, take from the company's Escort; does the VW Polo (11 feet 6 inches) overlap too much with the Golf?

Difference

Ford can at least point to one basic difference between the Fiesta and the Escort: the first has front-wheel and the latter rear-wheel drive. There is a strong argument in many European markets for having such a split.

In Germany, for example, front-wheel drive vehicles have had a slow take-off, and in Britain the fleet buyers who account for about 50 per cent. of sales much prefer conventional drive systems. On this basis a manufacturer can pursue the private market with his front-wheel drive vehicles, and the fleet customer with his conventional models, a strategy deliberately followed by Leyland with its Allegro (FWD) and Marina (RWD) cars.

This thinking may come under increasing challenge, however, during the next decade. Because of the drift towards smaller vehicles manufacturers must



The new Rover 3500.

look for ways of giving a more effective space package within more restricted overall dimensions, and the only way to do this is to go towards a design using a transverse engine driving the front wheels.

These may still attract the criticism from fleet buyers that they are more difficult to service because of the inherently more complicated engineering which goes into cars of this type. But manufacturers are already working hard to combat this criticism, partly a legacy of the crowded engine compartment of the original Mini.

It is significant in this context that Ford has laid great stress on the design characteristics of the Fiesta which will reduce the cost of maintenance. Ford is clearly aiming to capitalise on its current domination of the fleet market to try and sell the Fiesta to the same fleet customers.

So far Vauxhall (and its German sister company Opel) have resisted this trend towards FWD vehicles. And Chrysler/Ford is keeping its options open by revamping the Avenger and going for a conventional drive system in the planned new 424 model—Chevette-type vehicle. But Chrysler, with its highly successful Alpine, has shown that there is a good market in the larger family car sector for the newer design and engineering concepts. The way in which other car manufacturers respond to the dilemma posed by the alternative drive systems and the need to increase interior space within smaller dimensions will be one of the big issues of the next ten years.

Terry Dodsworth

The executive market

THROUGHOUT THE history of the motor industry there has been a market for premium cars which offer the customer a little more refinement than the popular models. But in the early 1960s this market took on a distinctly different shape. Within the space of three years, between 1960 and 1963, the Rover 2000 and the Triumph 2000 were launched in Britain, while in Germany the BMW company was rescued from collapse by the Bavarian state. The new models from these three companies coincided in timing with the emergence of the affluent post-war executive class reared by the big public companies: the "executive" market had been created.

To-day, car marketing men think of the "executive sector" as a clear-cut entity with a well-established set of criteria. To appeal, an executive car must have stylistic elegance, a high level of internal trim, adequate space for five people, good load-carrying capacity, lively performance and reasonable economy. For this collection of virtues, customers are prepared to pay a premium price over and above the norm for a large popular car: and it is because of this higher sales and profit margin that car manufacturers are prepared to cultivate this sector of the market.

The growth of executive car sales has, however, inevitably led to changes within the manufacturing operation which are bringing the methods of luxury car production closer to those of popular cars. The experience of the 1960s persuaded more manufacturers to create their own executive-type models; and other manufacturers which had for many years a high-quality image decided to invest in new models and longer production runs. These changes began to infiltrate into design departments in the late 1960s, and are now becoming apparent in new models actually on the road.

The big question facing manufacturers now is how they can continue to make the kind of healthy profits that they have in the past out of cars of this kind. The attraction of executive car production used to lay in the relatively low volumes involved. This put a premium on skilful workmanship and good quality control, and meant that the finished product could be sold at a relatively higher price.

But within the last three years several things have happened to alter the equation of manufacturing costs to sales. The first is the oil crisis, which may have a lasting effect upon sales, or at least force the design of rather smaller and more economical executive cars; the second is the creation of very much greater manufacturing capacity; and the third is the entry of new manufacturers into the field. Prices may well have to get more competitive to accommodate these new forces.

In broad terms the specialist European market-to-day breaks down as follows:

1. British Leyland's Rover 3500: this model, designed to replace both the Rover 2200-3.5 series, and the Triumph 2000, could be produced at the rate of 150,000 units a year, about twice what was ever achieved by the two earlier models. The year against about half that volume planned for the car, and two years ago.

2. Volkswagen's new Audi 100: this car is also planned as a high volume model—up to about 250,000 units a year. Again, this is about double what was achieved by the previous car, and indicates that Audi will be trying to challenge the predominant position of Mercedes in Germany, and also to be pressing hard in export markets.

3. Renault's R30: The new Renault uses a V8 all-aluminium engine—developed jointly by itself, Volvo, and Peugeot. This engine is the key to the company's expansion into the luxury class and away from its popular large-volume models, since, because of French legal restrictions, most engine development has been concentrated below the two-litre level. Like both BL and Audi, Renault appears to be aiming for relatively large volumes with the new vehicle—it has a potential for well over 100,000 units a year—and, like them, it will be using different engines in the same bodysheet—the R20 is the same car except that it uses the R18 engine.

4. BMW's 3 and 5 Series models: between them these cars, both of which were launched within the last two years, can be produced at the rate of 250,000 units a year—about a 20 per cent. increase on a year ago.

5. Mercedes's W123 model: Eventually this is expected to replace the "compact" body shell on which all the present range of smaller Mercedes models are based. Within the last two years, the emphasis of Mercedes production has moved away from the luxury S class towards its more modest range of specialist compact cars, and with the launch of the new model, the company's productive capacity is continuing to increase at the steady 10 per cent. or so a year that it has achieved in recent times.

6. Peugeot 604: Based like the Renault 30 on the new, jointly produced V8 engine, the 604 represents Peugeot's attempt to attack the Mercedes-type market. The car slots into the market at a slightly higher price than competitors like the Rover 3500 carrying a price disadvantage. The company is planning to mature a year represent new capacity in this sector.

7. Lancia's Gamma: This replaces the Lancia Beta, adding fresh capacity to the European industry: along with the Beta model, Lancia car twice what was ever achieved by the two earlier models. The year against about half that volume planned for the car, and two years ago.

8. In addition to the m above, Saab and Volvo cars compete for executive sales. Citroën has replaced its Series with the new CX, volume manufacturers like (with the Granada) and the Commodore) are manufacturing competitors.

The future of all these models partly depends on the impact of international economic recovery. Their designers were developed in the era of affluence, and optimism of 1960s; and the new cars, unless there is a sustained recovery of Western European economic condition, and a term recovery in the market to the U.S., the fit cannot be at all assured fit these models.

Not is it at all clear present which models are placed in terms of what offer as an overall package, key factor in this context engine power and performance. No one knows exactly what the market will go to at the expense of smoothness. For example, is a considerable gap between the use of the 3.5 litre Rover engine and flat four which powers the Lancia Gamma—some p will undoubtedly regard Gamma as underpowered, some will feel that the engine is unnecessarily large for a car of its class.

It is interesting to note Mercedes, which has a history of success with its market models, has detected steady drift towards its cars since the oil crisis. 47 per cent. of its production last year was of diesels. On the other hand, Mercedes believes that customers will turn to pay for quality finish—its new W123 model about 9 per cent. more expensive than the old compact models, are that motorists want are not so cheap cars, but rather economical ones.

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MARKET SHARE BY CLASS (JAN-MAR)

(All figures expressed as % of total market)			
	Change %	1976	1975
Small cars	+3.29	36.44	33.15
Medium cars	-0.06	30.70	30.76

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Catching up with the Mini

IT HAS TAKEN the rest of Europe a long time to catch up with Britain's 17-year-old Mini. But now that the other big European companies have done just that, British Leyland looks to have been left well behind the field. Nearly every significant European concern now has a contender in the Mini market—Fiat, Renault, Peugeot, Volkswagen all have relatively new models in their line-up, while Citroën has just announced its new mini LX model on the Continent to coincide with the launch of the Ford Fiesta. A situation seems to have been reached in which a mini-type car is regarded as a vital ingredient of every company's model line-up.

Given the popularity of this type of car, it may seem strange that British Leyland's plans for a replacement to its

own Mini have been so severely questioned. But the fact remains that it is not easy to make money out of small cars. A smaller package commands a much reduced price in the showroom—the cheapest Leyland Mini, for example, sells at about half the price of a mid-range Leyland Princess—but the cost of the materials in a car of this kind are not comparatively less than in a larger model; and the cost of manufacturing can also be disproportionately high in a smaller model, particularly in one which involves the added difficulty of front-wheel-drive assembly.

Nevertheless there are strong arguments for a popular car manufacturer having a mini in the line-up. First, it is the kind of car which tends to be a first-time buy; it introduces a new customer to the company, and may be a strong factor in breeding a new generation loyal to the marque. This becomes a particularly important consideration when all the competitors have a rival car in the same class.

Fuel

Second, the small car sector is now growing appreciably within Europe in response to the need to conserve fuel. In Britain, for example, the Leyland Mini and its imitators account for about 15 per cent. of all sales, and are expected to be taking about 20 per cent. by 1980; in the rest of Europe, vehicles of this kind account for much more of total registrations—about 27 per cent.—and are expected to go up to 30 per cent. by 1980.

In Leyland's case there is a further argument for supporting the Mini and its replacement: the fact that it has a dealer network built up on volumes which are dependent on having a mass-produced small car in addition to its other models. This is true in both its home market and on the Continent, where the Mini has con-

sistently accounted for more than 30 per cent. of total sales in the past. Without the Mini, British Leyland would be a very different type of company from the one it is to-day.

The question remains, however, of how the motor companies are to make money out of these kind of small cars. One answer is by achieving really adequate economies of scale. This implies producing cars at a rate which has only been achieved in Europe in the past with the Volkswagen Beetle. Ford, in particular, is backing this approach with the development of the Fiesta, which will be made in Spain, Germany and the U.K., and which could be turned out at between 500,000 and 600,000 units a year. At such a rate of production the cost of manufacturing vital components such as engines—a process which can be highly automated, but which demands very heavy capital expenditure—is reduced quite considerably.

Another approach is to design a car which can utilise some of the components which go into other models in a company's range. This, for example, is being done with the VW Polo (being produced in combination

with the identical Audi 50, at the rate of about 200,000 units a year) which uses an engine designed for the larger Golf model as well; and at Citroën, which since the merger with Peugeot has rushed through a design for its new LX model which is based on the Peugeot 104 bodysheet, but uses the Citroën Ami mechanical components. The aim of the Citroën model, quite clearly, is to head off the challenge of the Fiesta by capitalising on the great brand loyalty available to the company, while at the same time utilising the big scale economies available to the larger, merged group.

A third method of approaching the problem would be to get a special niche in the small car market which would also allow the company to command a special price. Because of the space

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CHEVETTE

the range

Sales of hot rods dwindle

SPORTS and super cars particularly in respect of engines, always hogged an inordinate amount of the time-brakes. British Leyland is the only one left in the volume market. All the rest have opted for low output where they can and knowing-eye on the fairly sure of selling all they can produce.

Leyland depends heavily on exports to the U.S. and sales in the country take less than 2 per cent of the total market. So the way has been left open to enthusiasts producing for enthusiasts. Aston Martin's house of Joe Bloggs, or disappeared, but there will be a new Lagonda at the Motor Show, and Jensen has quite a different Cockney owners of these often expensive forms of self-expression are immediately envious of a level of virility which can be times almost embarrassing to have to endure from about 10 per cent of lesser mortals a nudge and a wink and the virator "I'll bet that it's the girls."

The industry has hardened into two quite different sides, with the small producer proving the most resilient. Provided he comes up with a real car and not just a backyard special. The exception is Lotus, which is halfway between low volume production and its own engines and parts and relies for about 50 per cent of its sales on the home market.

Six years ago the company was a high volume producer, sold its cars in kit form and lived on its racing name. Now it has moved up-market, dropped its cheaper models and is looking for a targeted £2m. pre-tax profit in 1977 compared with a loss of £400,000 in 1975. This was at a time when it had only one model, the Elite, in production. This has been joined by the Ecot and the Lotus trio will soon be complete with the mid-engine, two-seater Esprit. The cars range from £7,500 to over £10,000.

At the moment the factory is producing about 25 units a week but this is expected to increase to 45 by the end of next year, half of which will be Esprits. The company is selling a CKD (completely knocked down) version and is exploring the possibility of a Middle East franchise.

Expensive

The company feels that the more expensive end of the market will bring more stability and is keen to emphasise that it is now catering to the exclusive market rather than boy racers. One of the most notable features of the last few years is the disappearance of the hairy monster. The aerospace cockpit has replaced the four-horse chariot and the desire to be a Pangio fighting with the wheel is as outdated as goggles and leather helmets.

Yet there is one company, Morgan, which still produces a traditional sports car, and at a price which is a little surprising for a hand-made car. This is the 4/4, which sells for just over £3,000 complete with traditional side-screens instead of windows and modified 1910 front suspension.

Anyone placing an order to-day would be unlikely to gain delivery in less than three years and by that time the price will have gone up.

Morgan, too, exports over half of its production of about 400 a year, but not to the U.S., where emission and safety controls get in the way.

Each body is hand made, except for the wings, on a chassis and ash frame and every year enough people come along who would like Morgan's traditional product. A few years ago the company decided to test the more modern waters of the fibre-glass body of contemporary design, but found them very cold and never ventured in again. Instead it produced a version with the Rover V8 engine, which this year incorporates the new five-speed gear box and that is the nearest there is to a modern hot-rod sports car.

At the other end of the British scale, allowing that Rolls-

Royce still produces a convertible Corniche for the sporting motorist. Bristol is introducing a new model—the 803E and the 603S at £19,359 and £19,660. The company says that a 5.3 litre V8 is more economical than the S with its 5.9 litre V8. The company concentrates, like R.R., on a smooth, quiet ride and is suitably vague about power output or top speed. It also produces a 412 in targa version at just under £17,000 and total output from its Filton, Bristol, factory is 150 a year.

Exclusiveness and the fact that it is a full four-seater are the main claims of Bristol and the majority of its cars are sold on the U.K. market. But it is hoping to move into the U.S. with the 412 before too long.

The U.S. 100, is the main aim of two other household names—Ferrari and Mercedes. Mercedes has two two-seater cars in the 350SL and 450SL but it likes to include its 450SLC, a two-door hard-top coupe in the bracket. Only the 450SL goes to the U.S., but the U.K. takes both the 450 and 350. The cars have a fully detachable roof and there has been a significant revival in interest over the last 15 months.

Increasing prices have seen a consequent rise in second-hand values and often owners have been able to trade in cars after a year or so for little or no loss, unless inflation accounting is applied. Ferrari, too, reports that it has at times paid more to take a car back than it was sold for originally.

Production figures for the 450 and 350 show clearly the heavy reliance on the U.S. Total 1976 output is expected to be 8,353 units, of which 7,540 will be exported—6,006 going to the U.S.—all 450s.

Ferrari is looking to its new 400 automatic GT to pick up transatlantic sales. This will be the first automatic produced by Ferrari and will have a 4.8 litre 12-cylinder engine. The company was hit by strikes in the first four months of this year and has been producing only two eight-cylinder models. Output will now be boosted by the

400 and a five-litre, two-seater 12, the 512BB, which will be available on the U.K. market for about £21,000.

The U.K. agents, Maranello, are also taking a careful look at the Japanese market, where sales are already improving and where the Porsche is very popular. The Japanese are very snobbish indeed about their cars—and many other things—and although they, like us, drive on the left the rich buyers often specify left-hand drive cars.

The company, which is 50 per cent owned by Fiat, makes about 1,850 cars in a full year. It has not made a convertible since 1969 but targa versions of the Dino proved popular in England and may be available as an alternative on the Dino 308GTB next spring.

Further evidence, that the Italians at least are determined to see that their super car producers can keep going is seen in the case of Maserati and de Tomaso.

Citroen bought Maserati to produce V6 engines for its SM but put the company back on the market in a time

of financial squeeze. Omar Orsi and Alessandro de Tomaso were invited to take over the company and funds were made available.

Production is now running at about 600 a year and there are plans to increase this to 1,000 in the near future, while de Tomaso is keeping output low at about 300 a year. Both companies have three models—Maserati the Khamsin, the Meraik and the Bora—with the new Kyalami due to go into production in January. The de Tomaso range is the Papiera, the Longchamp, and the Deauville, of which only 50 a year are made.

In contrast Leyland's lowest production sports car is the Stag at 80 a week. TR7s and MGBs reach 1,000 and 800 a week respectively. The XJ-S is a modest 100-a-week, with Midgets and Spitfires adding another 900. The TR7 was aimed primarily at the U.S. market, where it was given a glittering launch last year, but the company was caught by the expectation of a ban on convertibles and is now working on a fresh version, though this may take the form of a targa rather than a full convertible.

The MGB continues to sell strongly and the derivative V8 version has been dropped, the company says, because it was just not worth interrupting the flow with a model in such low demand.

Leyland is no longer concerned with providing a thrum to export. The total size of the U.K. sports car market can be directly related to Leyland's ability to release production capacity for the U.K. rather than abroad. Though it claims would not survive, in the same breath it says that the removal of the threat to open cars has given a new breath of life to MGBs and Spitfires.

It is negotiating to open a plant, probably in Spain, to build for the rest of Europe, in which it will have a 50 per cent stake but will not be required to put up the capital. The same could apply in California and Japan, which would also produce for Australia.

"To put it mildly, we are booming in a big way," says founder Bob Jankel, who added that there had been an enquiry for 5,000 of the Limas for the U.S. This will be the first time that the company has been in open competition with other makers, instead of producing a few cars for eccentric millionaires.

Its success, or failure, will, along with the resurgence of TVR, show whether the new breed of specialist car manufacturer can do better than some of its predecessors who became so unwieldy they could no longer manoeuvre when costs soared.

The public is coming back to open-air motoring and has grown used to high petrol costs. Executive salaries have been quietly rising and there are still people making their fortunes. The Middle East market has opened up and the sun has shone all summer. Doubtless there will still be problems, but for the time being at least the finger nails are being given a little time to grow.

Stuart Alexander

Nostalgic

Sales of the MGB have been discontinued in Europe, though there are still some personal exports, and Leyland has stated that the TR7 and XJ-S could be produced solely for the U.S., so the picture could look bleak for U.K. sports car buyers.

However, one company that is spreading its range is Panther Westwinds. This grew out of combining modern technology with nostalgic, almost reproduction bodies. The company produces about eight of its J72 sports model a month for £12,000 each and two a month of the DeVille limousine, which is being joined by a drop-head version at £23,000. It has recently added a four-door Triumph 2000-powered Rio at £11,000, but for the Motor Show has at last spread its wings.

The new Lima is the result of a link with General Motors which will take the company into the volume production league. The Lima will be powered by a 2.3-litre Vauxhall engine, and will be sold through Vauxhall dealers. The company already has orders for 350 of the two-seater open sports

models and expects this figure to increase to 500 in the first year.

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Stuart Alexander

The Mini

CONTINUED FROM PREVIOUS PAGE

of new models in the smaller size categories of the popular car range, the mini-type design has been blurred into the small family type design exemplified by, say, the Escort. For example, the Golf measures 12 feet 2 inches in length, which is not far short of the Escort (13 feet); the Polo is 11 feet 6 inches, the Renault 5 11 feet 6 inches and the Fiat 127 11 feet 9 inches, while the Leyland Mini, which may be regarded as the progenitor of the genre, is just 10 feet.

The Mini, in fact, has a very definitive size which, although producing disadvantages in terms of luggage space, has given it the particular run-about appeal which has led to continuing popularity with younger motorists, and with customers needing a small second car. Be-

cause of this special appeal of the Mini, it is likely that Leyland will also try to make its replacement model shorter than the majority of the opposition's cars.

Despite the growth of the European small car market, and the obvious strides which manufacturers have made towards achieving better economies of production, manufacturers look like being left with a tough challenge to sell their vehicles at a profit. With the launch, during the last 18 months, of the VW Polo, the Ford Fiesta (in Germany only so far), and the Citroen LX, a lot of extra capacity has come on stream. Add on British Leyland in two

years' time, in a development in which it apparently hopes virtually to double present Mini capacity of about 250,000 units a year, and it is clear that manufacturers will have to sell hard to stay ahead of the game.

One point about this competitive battle is that it is going to be waged with new models representing a considerable improvement in specifications and engineering on what was available a year ago. Dared

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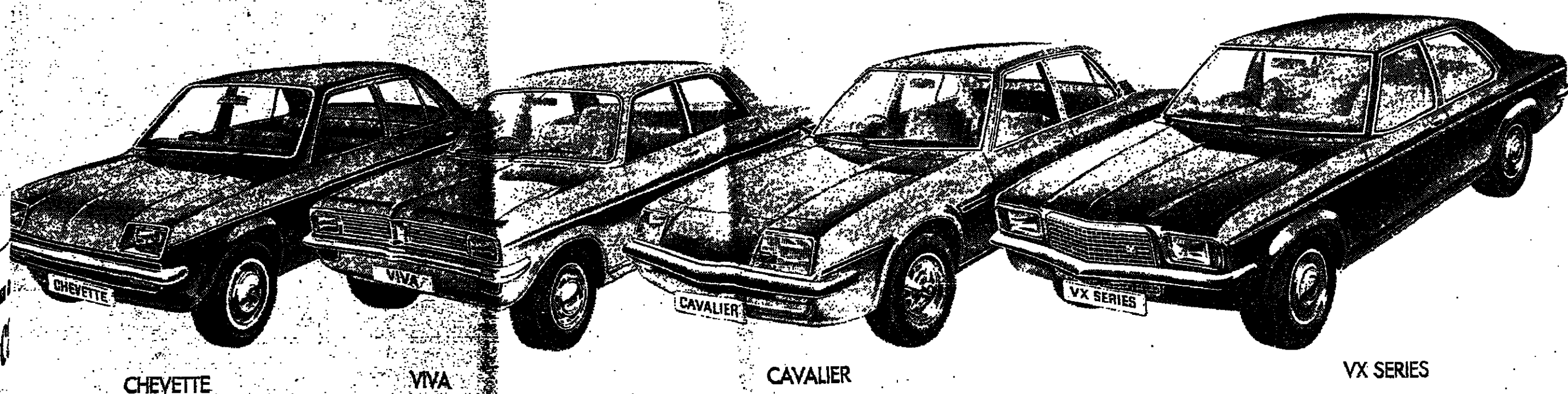
years' time, in a development in which it apparently hopes virtually to double present Mini capacity of about 250,000 units a year, and it is clear that manufacturers will have to sell hard to stay ahead of the game.

One point about this competitive battle is that it is going to be waged with new models representing a considerable improvement in specifications and engineering on what was available a year ago. Dared

achieving better economies of production, manufacturers look like being left with a tough challenge to sell their vehicles at a profit. With the launch, during the last 18 months, of the VW Polo, the Ford Fiesta (in Germany only so far), and the Citroen LX, a lot of extra capacity has come on stream. Add on British Leyland in two

"...a sparkling range of cars which could be one of the best-selling makes in the world"

DAILY MAIL



CHEVETTE

VIVA

CAVALIER

VX SERIES

See the range everybody's talking about at the Motor Show or at your Vauxhall dealer.

You'll like what's happening at Vauxhall.



With the announcement of the new Cortina, Ford of Britain's chairman and Managing Director, TERRY BECKETT, explains FRANK PAGE some of the basics of successful product planning

Getting it right first time

FORD OF BRITAIN confidently expects its new Cortina to continue the successful performance of its predecessors: each sold more than a million, has been top best seller lists and has been a favourite of fleet buyers across the country.

In fact, the success of the Cortina has been a crucial factor in the fortunes of Ford during the 15 years. It has also been a major influence on the personal life of Terry Beckett, Chairman and Managing Director of Ford of Britain. For the Cortina was the first of some skilful and painstaking product planning and development at Ford when the new car was developed. It was the first co-ordinated effort of product planning in that way that we have done before.

There are three major landmarks in the fortunes of Ford of Britain. The first came in 1932. It did not join the company

until 1950, but he talks about the depression years as though he was part of the team even then. The company had lost over a third of its dealer network in the previous year and it was well on the road to going out of business. It was the depths of the depression and we only had the big American cars on the lines. We told Henry Ford - the first Henry Ford - that we had to have a mass seller or we couldn't survive. The result was the Model Y, which later became the Popular and was the first £100 car.

That gave Ford two areas of attack on the market, and the company expanded steadily by energetically exploiting them. The Popular led to the Anglia and the Prefect, while in post-war years the big American designs were superseded by the Zephyr and Consul models. Then in the mid-fifties it was decided to expand a third range and the planners started exploring the possibilities either of a new small car - smaller

and cheaper than the Anglia - or a medium-size car to span the gap between the Anglia and the Consul.

'We wanted to develop something that would enable us to make money' says Beckett. 'But we weren't making a great deal of money on the Anglia then and we knew that if we went smaller we could make very little. But if we went larger - too large - we could make money on each car but we would not get volume production. So the Cortina evolved as the fulcrum-point model - the one which would give us both unit profit and volume production. It had to be aimed at the expanding market segment which needed something that offered the room, comfort and luggage capacity of a big car at the low price and running cost of a small one.'

And that's where the planning came in. By the time Cortina was unveiled, Beckett had been running Product Planning for seven years. He had time to evolve his own philosophy of the job, which is clearly still very important to him.

'There's no great secret about successful product planning. It is basically an entrepreneurial activity, bringing together the requirements of the customer with the disciplines of design engineering, cost control and manufacturing. You have to meet objectives which are consistent with one another. It's no good going for a bigger car than the engine will pull. And it's no good then deciding that you need a bigger engine and finding you haven't got enough braking. That way you find everything pulls against everything else and in the end you have to start all over again.'

'So we find that we have to plan a whole set of objectives worked out in minute detail and absolutely consistent one with another. And that's where planning, judgement and experience comes in - only with those can you hit your cost, weight and investment targets. And with the first Cortina we hit all three right on the button.'

That is why 1962, the year in

which Cortina was launched, became the second major landmark in the company's development. The first Cortina sold 1,010,089 between 1962 and 1966. These two years sold slightly more between 1966 and 1970. And since then, 1,126,559 Mark III's have been sold. Now the new version comes to the market with every hope of continuing the Cortina success story into the 'eighties.

First impressions are that the new model, like its predecessors, has taken the Cortina a step further up-market. I asked Terry Beckett whether Ford was moving too far in that direction. With this level of specification and price, can it still maintain high volume and good unit profit?

Beckett answered with confidence: 'This car will not depart from our vital standards in terms of customer preferences. We have to key every new car to the continuing moving staircase of rising costs for us - and rising income and expenditure for our customers. We don't think that this one has got away from us on the staircase. Of course the car is more expensive than the first Cortina: how could it be otherwise? But it still provides the basic package which made the original a success - low cost of ownership for that class of car, a high level of appointment and a good resale value.'

Important

'I would put special emphasis on the good resale value because that is particularly important for the fleet buyer - and the Cortina has always been a firm favourite with fleet users. In that field the buyer knows that if he can get a good resale value when he parts with the car then his total holding cost of the car is reduced, and that's very important to him.'

In fact, the Cortina has always been the spearhead of Ford's attack on the fleet market. The company has well over 50 per cent of the car fleet market in Britain and about half that share consists



Terry Beckett with new Cortina. Background: its predecessors, which have reached 3 million customers

of Cortina sales. By satisfying the exacting standards of the fleet buyer, always regarded as the most critical and most cost-conscious customer in the market, Ford is also turning out vehicles which keep the traditional Cortina buyer happy and coming back for more.

Market research indicates that the typical Cortina owner is a man in his thirties to mid-forties, married with one or two children. Three out of four owners regard having a car as essential to their way of life.

The car is in daily use for commuting or station journeys; in many cases the owner's wife then uses the car for school trips and shopping. At weekends the typical Cortina man uses it for shopping, visiting friends, entertainment outings or trips to the seaside or country. Well over 80 per cent of owners use their Cortina because it is the cheapest form of travel for their families during holidays.

One other point which influences the buyers, both fleet and private, is the service back-up for Ford. Beckett is unequivocal about it. 'We have the best dealer set-up in Europe' he says. 'The customer likes to know that he is backed by first class service. We are very demanding with our dealers, but we reckon we have a right to be so when we put the

amount of money we do behind the product. The dealers recognise that we have that right and they expect us to push them.'

Eight years ago, Ford completed a major restructuring of its dealer network, during which it surveyed virtually every local market. 'We determined then what the potential was, decided what the ideal dealer location would be and what sort of facilities would be needed in each locality. We also worked out what sort of finance would be needed and computed what sort of return the dealer could expect if he was efficient. After all that, we knew when we had a viable deal for a dealership and that we could specify that it would need to be that size, with so big a showroom, such-and-such a spares store, this kind of truck business, and so on. We then had a right to expect that the dealership would perform to that level because if they didn't they couldn't succeed and neither could we. Yes, we are demanding; but only within that total rational assessment. Good dealer profitability is the whole basis of our relationship.'

So the new Cortina comes to the British market with every prospect of a long and profitable extension of its life. But that still marks only the second milestone in the British Ford company's history. The third is 1976, because of the introduction

of the Fiesta - the small front-wheel-drive car which was unveiled during the summer and will be coming on to the market in the New Year.

Different

If a small car was not a viable manufacturing possibility in the 'sixties, what is so different now that Ford, as a whole, is spending more than a billion dollars to launch Fiesta in Europe? Terry Beckett's answers are readily forthcoming. 'There are four main reasons why we are now going from three ranges of cars to four (you could say from four to five, because we have brought in the Capri since the Cortina launch, but they are more speciality cars and a little outside the mainstream). First, the market segment began to grow in the early 'seventies, particularly in the markets like Italy and Spain. People who buy cars like the Mini, the Fiat 127, the Renault 5 and the Polo have grown to about 15 per cent of the market during the past four or five years, where before they formed only about 11 per cent. And by 1980 they could form 18 or 19 per cent.'

'Secondly, there are more and more buyers of the larger, better-equipped mini cars - the sort of products that cost more, and which you can hope to sell profitably. Moreover, our own situation

has changed because we are now part of Europe and we can make significant economies of scale. Spreading the fixed costs between our new Spanish plant, Ford of Germany and ourselves - particularly product development costs and tooling design costs - means that we can afford to do something we could not afford simply as Ford of Britain.'

'Finally, design and manufacturing methods have advanced considerably in the past 15 years. They allow us to do new things we couldn't have contemplated in the 'fifties. Put all those together and, by 1972, when we made the decision to go ahead with Fiesta, we could see clearly that we'd be able to produce an attractive motor car at a price that people would like and one which would give us an acceptable return. So we went ahead - and kept going ahead even when we were hit by the Yom Kippur war and the oil crisis.'

Confidence, in both the Fiesta and the new Cortina, were crucial to the maintenance of the development and equipment expenditure during those dark days when the car market seemed to be drying up and the prospects for any kind of return on capital seemed dim. Beckett and his colleagues showed then a tenacity which now seems likely to be amply rewarded by Ford's success during the rest of this decade.



Three major landmarks in Ford of Britain's fortunes. Top: 1932 Model Y; Centre: 1962 Cortina; bottom: the Fiesta

Before, during and after the fact

BY MIKE COLVIN

Product development is a complex involving many long-lead time decisions made to a precise time schedule. If it is to play a constructive part in assisting these decisions then research must be prepared to fit its programme into the process.

Development of any car, and the job associated with it, is essentially cyclical and continuous. It can just as well be said to end with the launch of a new model as to begin with the start of the next model. The shade directly into the more experimental decisions needed for placement due several years later on the new Cortina, really started with the development of the new model in 1970, since tracing its strengths and weaknesses market place provided key design objectives for the car.

Research into the acceptance of any car is continuous, right across the Ford range. It takes place not only in Britain but in the major continental markets. In the course of a 40,000 new car owners reviewed throughout Europe. When they own about different models produced by different manufacturers, in a typical year, about a million owners are interviewed. About three months after they have bought their new car, their experiences will be compared with those of about 3,000 competing models.

In the very first, the 1970 was seen as a very attractive

Ford's secret: bigger on asking the customer

car, sporty-looking with performance to match, and good value for money. Research also confirmed the existence of early teething problems, speedy correction of which became a high company priority.

As time passed, the British market's acceptance of the Cortina changed. On the one hand, its quality reputation improved as problems were eliminated. On the other, the advent of new models, from other British as well as from foreign manufacturers, began to erode its outstanding styling appeal. Similarly, the impact of some highly equipped foreign cars in the early 1970s led to some dissatisfaction with the value being offered by British vehicles and its customers alike the benefits of increased economies of scale.

The final pre-launch task of research is to help develop the communication guidelines to be followed in promoting the new car. A car offers at least as complex and many-sided an array of benefits as any other consumer durable. This complexity is nowhere more pronounced than in the Cortina class - the vehicles that constitute the all-purpose work-force of a majority of the British car buying public. A list of all possible benefits would strain the patience of any but the most dedicated advertisement reader.

For the Cortina, a marketing model of car buyer's decision processes was developed and used to prune the Cortina's sales points to

those of highest importance to potential buyers. The list that emerged was in line with those which existing experience pointed to: quality and durability, safety (based firmly on functional considerations such as good road-holding, visibility and acceleration as well as on the more passive features of strong construction), economy and comfort emerged as key areas in which the Cortina could well make strong claims. With an established set of communication objectives, it became possible to assess alternative launch advertisements to ensure that they succeeded in conveying to potential buyers these feature strengths.

This brings research on the new Cortina up to date. With the launch of the new car, the cycle recommences. Studies will be undertaken to establish what impressions of the new car the British public have. Then, as sales accumulate, further studies of buyers of the new vehicle, alongside buyers of the main competing models, will be undertaken to see what strengths and weaknesses are revealed by their joint experiences. With these studies, research will begin its contribution to development of the Cortina of the 1980s.

Under the bumper, with additional air inlets at a low level, was developed to improve stability when cruising on motorways in crosswinds. At the rear, a sharp turn to the boot-lid edge kept the streamlines in contact longer with the sheet metal, with the same effect. This outline also brought the incidental advantage of bringing the tail into the driver's view when reversing.

Only by carefully balancing these two effects under dynamic wind tunnel tests was the ideal overall shape developed - one in which there is 10 per cent less lift at both ends than on the previous model.

A feeling of security behind the wheel is vital to the driver if he is to control the vehicle efficiently. Ford

A Cortina public appraisal 'clinic'

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Form must follow function

BY GEOFFREY HOWARD

The introduction of the new Ford has completed a total of 100 European range which in 1970. At that time it was that the family identity was of reinforcement, so as each model came up for approval by management, it was judged de the rest of the range.

First model to receive this was the Capri II, launched in the beginning of 1974. It featured glass areas and careful attention to a clean aerodynamic - a feature that was to become hall-mark.

When the Escort was revised a later, many engineering elements were incorporated extensive development to the ride, handling and insulation.

Throughout all work on the design of new models, the Ford house rule has always been that form must follow function. No fundamental changes are made for the sake of appearance alone, and all new model outlines are developed over long periods by detailing each tiny feature on a wind-tunnel model.

With the new Cortina, the task was one of improving on the previous model aerodynamically while evolving an aesthetically agreeable shape for several years ahead. Within the constraints set down by manufacturing requirements, the designers set about slimming down the appearance, removing all 'daring' features and, wherever possible, reducing the lift characteristics at speed.

At the front, an integral 'spoiler'

Under the bumper, with additional air inlets at a low level, was developed to improve stability when cruising on motorways in crosswinds. At the rear, a sharp turn to the boot-lid edge kept the streamlines in contact longer with the sheet metal, with the same effect. This outline also brought the incidental advantage of bringing the tail into the driver's view when reversing.

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Only by carefully balancing these two effects under dynamic wind tunnel tests was the ideal overall shape developed - one in which there is 10 per cent less lift at both ends than on the previous model.

Every Fleet Operator has a different finance problem. Maybe the telephone operator could help you solve yours.

By putting you through to Gerry Robinson, Ford Credit's fleet and leasing manager.

Over the years we've drawn up finance plans for all kinds of companies running all kinds of fleets.

We're very flexible. It doesn't matter if your fleet is big or small, we can tailor-make a finance plan especially for you based on purchase, rental or leasing.

All these schemes offer you appreciable advantages in budgetary and planning terms, and are specially designed to protect any discounts and part exchange allowances that have been arranged.

So if you're about to renew your fleet, or if you're embarking on fleet ownership for the first time, or if you'd just like to discuss your existing financial arrangements, why not give Gerry a call.

Whatever your problem, we expect we've dealt with one like it before.

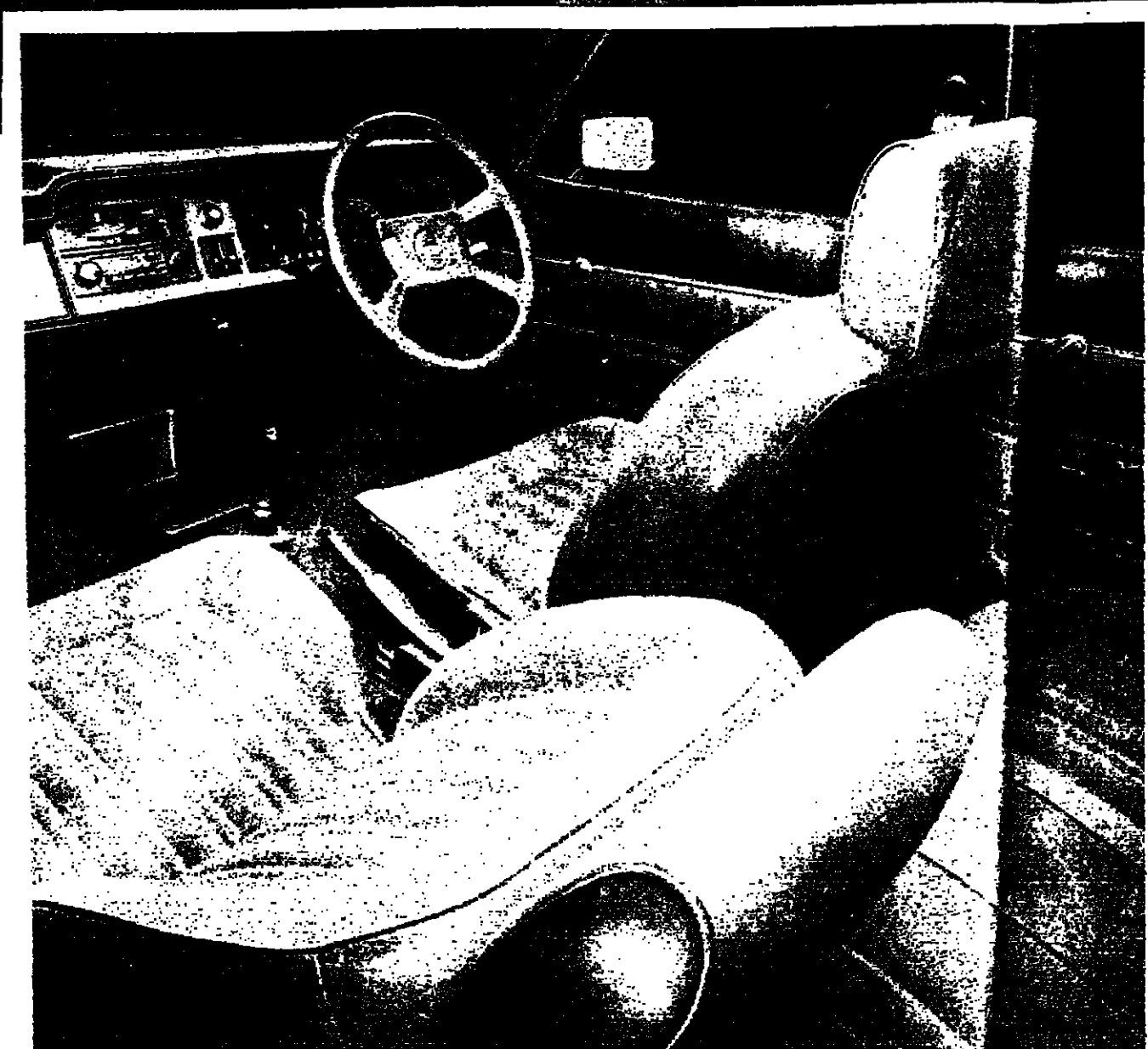
Gerry Robinson,
Room 714,
Ford Motor
Credit Co Ltd,
1 Hubert Road,
Brentwood,
Essex. M14 4QL.

Tel: 0277 224400 Ext: 349

Ford Motor
Credit
Company Ltd

The New Ford Cortina

A car that's built to last



Cortina GL with optional extra head restraint

When a car is as well engineered as the new Cortina you feel it as soon as you take the wheel.

You feel it in the comfort of the driving position, the way the controls fall to hand as if they were designed around you.

You feel it in the tautness of the steering, the swiftness of the gearchange, the speed with which the car responds.

You feel it in the way the car rides and holds the road. When you've got five people and all their luggage on board, the Variable Rate rear coil springs compensate for the extra weight so the car still handles well.

And you hear it in the quiet at 70 mph. You see it in the bodywork too, and the depth of the paintwork. It gets four coats of tough acrylic paint.

And the new Cortina's engineering also shows when you work out your running costs. You can now have 1600cc as well as 1300cc Economy models. And there are many labour saving features that make the Cortina cheap to service.

Perhaps most of all you'll notice it when you've owned the Cortina for a year or two. Because, since it's built to last, it'll help protect your investment.

But now for the nuts and bolts of the story—the facts, about reliability and safety, the figures for performance and economy. You'll find them all here.



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How the new Ford Cortina is built to last

LONG RELIABLE LIFE

Here, briefly, are some of the features that make the new Cortina a long lasting, reliable car.

Many measures are taken to protect the body against corrosion, enemy number one. Then it's finished with four coats of tough acrylic paint.

Detail improvements were made to the electrical system, which, as the A will tell you, is the part of any car that causes the most breakdowns.

And new standards were set for the actual building of the bodywork, both in design and manufacturing stages.

All this is spelt out in greater detail in the right.

Manufacturing controls

- 1. Water Test.** Every car passes through a high pressure water spray. The water contains an additive which shows up under ultra violet light. Even the smallest leaks are detected and eliminated.
- 2. Rolling road test.** Before it is passed out, every car is tested on a rolling road. This is a reliable way of checking for faults because it is done under controlled and repeatable conditions.

The window surrounds are made of polished aluminium which cannot rust.

Rear silencer is aluminium to resist rust.

Alternator. More powerful and reliable than a dynamo. Also gives a higher charge rate at low speeds.

Cortina engines have done many millions of miles, but detail modifications are always being made to improve reliability. For instance, the water pump seal has just been redesigned.

Translucent battery case. You can see at a glance if topping up is needed. Avoids battery damage.

Ballasted ignition coil. Ensures a strong spark for cold starting.

Part of the designers' brief was to minimise the possibility of water and dirt being trapped anywhere in the body where they could cause rust.

Wheel arches coated with a chip resistant material to protect against stones and corrosion.

Under door edges are double sealed to keep out dirt and water. Door catches are fibre mounted for quieter closing.

Paintwork
 Stage 1. Body is cleaned and treated with phosphate to inhibit rust and prepare surface for the primer.
 Stage 2. Body is immersed in primer. Even the insides of box sections are coated.
 Stage 3. Second primer is sprayed on, then finished by hand.
 Stage 4. Four coats of acrylic paint are baked on.

SAFETY AND ROAD HOLDING

There are two sides to safety.

Accident prevention, which is known as active safety.

And accident protection, which is known as passive safety.

The new Cortina has many features that contribute to both.

On the active side, important advances have been made with the suspension which results in exceptional roadholding and stability, specially under braking.

The driving position and all round vision have been improved and the noise level subdued, which helps reduce stress on the driver.

And on the passive side, there are numerous features to protect you in case you're unlucky - front and rear crush zones, collapsible steering column and burst-proof door locks to name but three.

If you need more convincing look at the diagram.

The instrument panel won a Design Award. You can read the dials at a glance.

All main controls are at your fingertips, operated by stalks on the steering column.

New thick-rimmed steering wheel with impact absorbing boss. Steering column is collapsible.

310° of unobstructed all round vision. Visibility through the rear window is 20° or greater, and the bonnet line has been lowered so you can see the road nearer the car.

Dipping interior mirror and driver's door mirror standard on all models.

Full width crash pad.

Two speed wipers, with electric washers, sweep bigger area of the screen. Intermittent wipe is standard on Ghia, S and GL.

Headlight washers (optional). High pressure water jets hidden in bumper overrides clean headlights in dirty driving conditions.

Front spoiler improves aerodynamic efficiency. This improves stability at speed and incidentally helps save fuel.

Radial ply tyres and widest track in class. Sure, predictable roadholding.

Dual line servo-assisted brakes with big 9" discs at front.

Bodywork is totally insulated from mechanical and suspension parts by rubber mountings. Reduces noise and vibration.

Door locks withstand 3,000lbs pressure. (Law requires only 2,000lbs). Back doors have child proof locks.

Thicker stabiliser bar, tuned with the shock absorbers, reduces body roll and improves ride and handling especially when cornering.

Front and rear crush zones absorb impact progressively. Protect passenger compartment in collisions.

Hazard warning lights.

Improved Aeroflow ventilation extractors. Driver gets fresh air without draughts.

Heated rear window.

Variable Rate rear coil springs are thicker at the bottom than the top. With a light load, only the top half of the spring is compressed. But when you're heavily loaded, the thicker bottom half comes into play. This helps compensate for the extra weight so the car still rides and handles well when it's full.

PERFORMANCE AND RUNNING COSTS

A key engineering objective was to achieve the best possible performance with the lowest possible running costs.

The figures on the right tell the story, but remember, fuel consumption figures are only one aspect of running costs.

The Cortina has been specially designed to give easy accessibility for servicing, to ensure low maintenance costs.

There are features like easily replaceable doors and special separate bumper mountings that make accident damage cheaper to repair, a fact that insurance companies take into account.

Service intervals are 6,000 miles and you get a 12-month unlimited mileage warranty covering parts and labour.

And it's worth remembering that you're backed by a national network of Ford Dealers, so you're never far from expert help if you need it. Ford parts are plentiful and realistically priced.

As you can see there's a wide choice of new Cortinas. Why not look in at your Ford Dealer's and see one today?

Accessibility to engine and ancillary parts makes servicing easy.

Check-at-a-glance translucent brake fluid reservoir and battery case. Details that save time.

Bumpers are mounted to sub-frame, not to body panels. This reduces the risk of body damage from parking mishaps.

Self adjusting brakes. One less job for a mechanic.

Door hinges are bolted on, not welded. Doors are easier to replace if damaged.

Axle and gearbox oil does not need changing during servicing.

Fuel Economy Models
 In response to demand there are now 1600cc Economy Cortinas as well as 1300cc Economy models. In addition to the Sonic Idle Carburettor they have special inlet manifolds and numerically lower axle ratios which reduce engine revs. for a given speed.
 Touring Fuel Consumption:
 1300cc Economy - 41.2 mpg
 1600cc Economy - 37.4 mpg

Sonic Idle Carburettor
 Ford's award winning Sonic Idle Carburettor is now fitted to all 1300 and 1600cc models. It saves petrol and reduces exhaust emissions at idling speed. 2000cc models have a twin choke carburettor designed for the best balance between high performance and low fuel consumption.

Performance and Economy*			
Engine	0-60 mph (secs)	Max speed (mph)	Touring Fuel consumption (mpg)
1300 Economy	19.4	82	41.2
1600 OHC Economy	15.1	88	37.4
1600 OHC	12.4	94	34.5
2000 OHC	9.4	103	30.7

RANGE & PRICES		
Cortina	1.3 Economy	from £1950
	1.6 OHC Economy	2153
Cortina L	1.3 Economy	2089
	1.6 OHC Economy	2291
	1.6 OHC	2291
Cortina GL	1.6 OHC	2548
	2.0 OHC	2696
Cortina S	2.0 OHC	2872
Cortina Ghia	2.0 OHC	3121
Estates	1.6 OHC Economy	2403
	1.6 OHC	2403
	2.0 OHC	2689

Maximum prices, car tax and VAT inc. Delivery and number plates at extra cost. Seat belts at extra cost on Cortina and Cortina L.

*All performance and touring fuel economy figures quoted are Ford Computed figures for manual transmission cars. All features mentioned are standard except where stated otherwise.

Behind every Ford

Reliability is No Accident

RELIABILITY is something which directly reflects the amount of engineering effort put into the development of components, systems and complete vehicles. It is primarily a case of establishing test procedures which are realistic not only in their severity but in the way they operate as well. It is the latter, which can vary so much in actual service, that presents the greatest problems.

The design of a new car involves the combination of many aspects including legal requirements, marketing demands, engineering capability and manufacturing feasibility. Compared with the conditions of use, these factors are well defined. To monitor the service performance of components and vehicles in the hands of actual customers and provide an engineering feedback of data to assist the design process, Ford not only collect information from all warranty claims but scrutinise in detail all components on a sample of vehicles throughout their life.

Data Bank

In Europe at the moment some 2,000 cars are being monitored in this way. The countries chosen cover the big volume markets like the UK and Germany and the extreme climate territories such as Portugal and Finland. Norway, Sweden and Italy are also included. The full model range is represented by the most popular version sold and all cars are serviced by Ford main dealers. Data is extracted from the normal dealers' invoice records during periodic visits by trained reliability engineers. The data is fed back to a central reliability bank where it is stored on a computer file.

Details are coded in terms of the vehicle description, country of operation, dealership, model, date of manufacture and sale and the full vehicle specification including number of doors, axle ratio, trim level and any other mechanical options available. To this basic identification is added service history

giving details of the date and mileage for each repair or adjustment and routine preventive maintenance.

Once all this material has been fed into the computer bank, any selective information can be related by an appropriate programme. For example, if information is required on brake pad life, a sorting programme will produce all data concerning brake pad replacement, thus enabling average life to be calculated as well as any other characteristics that may be required. A further investigation can then be carried out to analyse any other aspect of brake performance.

For the component engineer at the Ford Research and Engineering Centre, this data bank is an invaluable aid to future design, containing as it does service information under actual operating conditions.

Monitoring failures and surveying reliability in service give only part of the picture necessary to establish realistic durability limits



In the new Ford Environmental Wind Tunnel cars are tested under power at wind speeds up to 112 mph. Humidity and the sun's radiation can be simulated for testing heating and ventilation systems.

for components subjected to rig testing. Determining the frequency of operation of items such as brakes, clutch, door locks, wiper motors, bonnet release, headlamps and the like is important to avoid service problems and the inefficiencies of over-engineering.

To collect data on use efficiency, sample cars in the UK, Germany

and Scandinavia have been fitted with a collection of clocks and recorders in a "black box" installed in the boot. Powered by the car's 12-volt electrical system, the instruments time and count a range of normal component functions. All recorders plus the vehicle mileage are logged on special data sheets at monthly intervals over a year of typical usage. The results are used to set targets for accelerated durability tests in the laboratory or on the test track.

By adjusting the severity of the test cycle or load input, representative accelerated-time programmes can be devised which by means of a severity ratio can be converted from test cycles into realistic road mileages. In this way the new rear springs used on the new Cortina were subjected to the equivalent of at least 50,000 miles in only four days on a test rig.

With the increasingly stringent levels imposed by governments around the world on items like exhaust emissions, and the need to produce cars and light vans for territories with all manner of differing atmospheric conditions, Ford has recently completed the installation of some unique environmental facilities.

Without moving from the twin engineering centres in Britain and Germany, tests can be performed at temperatures between -40 deg C and +50 deg C (122 deg F), atmospheric pressures equivalent to altitudes up to 7,500 ft, humidity levels between 5 and 95 per cent

and wind speeds up to 112 mph with simulated direct hot sun radiation if required.

Test Cell

At Danton, Essex, where the Ford Research and Engineering Centre is based, an Atmospheric Test Cell is now fully operational. This is a sealed chamber containing a rolling road dynamometer and a highly sophisticated computer-controlled exhaust gas analyser which gives a continuous read-out in addition to total emission sampling at the end of each test. Ambient temperature, humidity and atmospheric pressure are controlled to eliminate variations in the gases being produced. With so many countries now setting their own emission levels, this chamber is an invaluable tool in the development of new power units and models for world markets.

Just completed at the sister establishment in Cologne is a new Environmental Wind Tunnel. This too has a rolling-road dynamometer, but set in a chamber where wind speeds of up to 112 mph can be generated by recirculating air through a 16ft diameter fan. Ambient temperatures can be controlled between -40 and +40 deg C and humidity between 5 and 95 per cent. In addition infra-red heaters can simulate direct sun radiation up to an intensity of 1.1 kW per sq. m from above or one side.

The first new model to benefit from all these facilities is the new Cortina announced today.

Proved in action, raced and rallied to victory

IT IS a rare event these days when a Ford does not take the honours on the finish line, be it a Hot Rod race round a stadium or a major International Rally. Even Formula One Grand Prix racing is dominated by Ford-powered machines.

Ford of Britain's involvement in motor sport dates back to the early 1950s when some keen private entrants began to do extraordinary things with the old upright Popular and the six-cylinder Zephyr. From these beginnings the works competition department was born and with the potential of the Mk I Cortina-Lotus to work on in 1963, successes came fast and thick.

But as every competition entrant finds to his cost: sooner or later, in order to win an event he must first finish the course and in those early days there were many lessons learnt about reliability. When you consider a young engineer called Keith Duckworth boosted the 997 cc Ford Anglia's pushrod engine to give an amazing 120 bhp at 10,000 rpm with total reliability, as long ago as 1963, it comes as no

surprise to learn the later design and built, the 3-litre Cosworth Ford DFV engine, which has scored more than 100 Formula 1 victories and is still winning.

The regular success of the works Ford rally cars comes only as the "considerable" experience of efforts of the competition engineers, mechanics and test drivers, every car and component. And links go back to the design of the standard components which the competition parts derived.

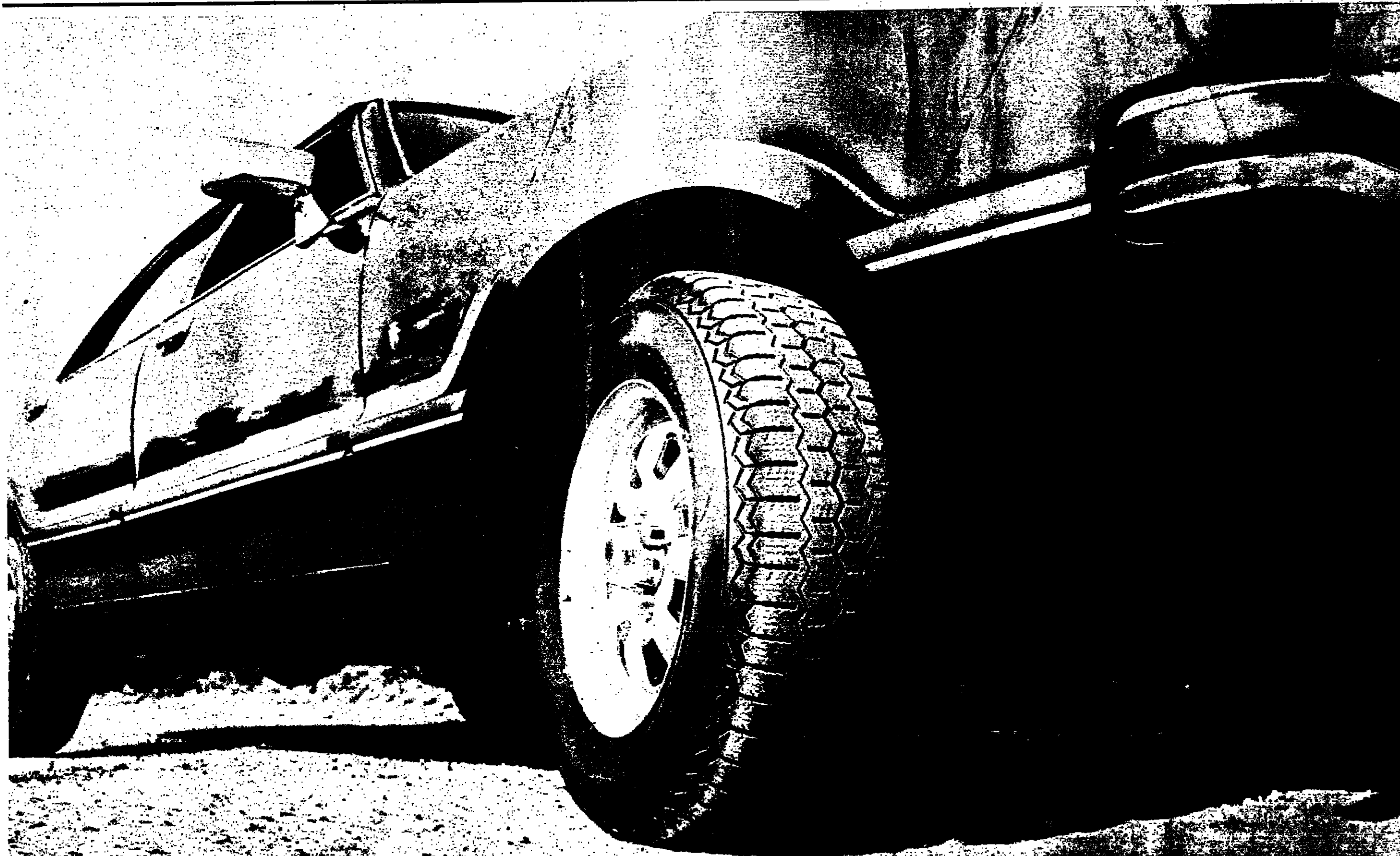
In 1970 some specially-prepared Escorts, based essentially on standard production cars, set off on a marathon rally from London to Mexico. Their success (first, fifth, sixth and eighth) led to formation of the Ford Advance Vehicle Operations which have produced several thousand replacement production cars. Today, the new Rallye Sport Escorts, similarly based on standard production models with a competitive pedigree built in.



Pushing events like international rallies are a source of useful engineering data on the durability of components.



Research work into crash protection, emission control, durability and passenger comfort is just part of the background to a new model's development.



For the car that's built to last: the Tyre

Van market suffers a decline



The Dodge 1100 pick-up.

HAPS AMONG the most recent newcomers to the van and pick-up truck set unveiled at last month's motor show are two Japanese contenders, Honda's TN 360 panel van and pick-up truck and the Corolla 9 cwt van. Honda is in the "mini" of the commercial vehicle set, with an overhead cam engine of a mere 354cc, largely from aluminium, claimed to be capable of doing 50 miles per gallon on a stop-go city stop-go work. Special features of the vehicle, first deliveries of which were actually made at the end of July, include a knee-high ground clearance, a pavement access side door, a conventional door, and the engine and gear are in the middle of the under the cargo area, thus giving stability and weight distribution.

Toyota vehicle is more conventional, very similar to the car bearing the same name and long familiar to U.K. With its 1,166cc engine, again using two-star, it has a carrying capacity of 1,700 lbs and a cargo capacity of 5 cubic feet. The true significance of this and Toyota's latest move lies not so much in the vehicle itself (though it does plug a gap in the commercial vehicle market left wide open by other manufacturers) as in the way it demonstrates the Japanese determination to be on the goods vehicle in Britain (and elsewhere) in the same way as they do so successfully with the car.

Japan has been a factor in this sector of the motor industry, at least in U.K. But the success its cars in general are aiming, clearly seen in the inroads made by the only one to have established itself in U.K., Datsun.

NEW REGISTRATIONS OF CAR DERIVED VANS AND PICKUPS				
Manufacturer	September 1976	September 1975	Jan-Sept. 1976	Jan-Sept. 1975
BRITISH				
Bedford	983	1,028	9,750	11,243
British Leyland	1,918	2,349	22,003	25,168
Chrysler	—	—	—	—
Dennis	—	—	—	—
ERF	—	—	—	—
Foden	—	—	—	—
Ford	1,384	1,280	15,678	12,851
Seddon Atkinson	—	—	—	—
Volvo	—	—	—	—
Others	2	1	4	14
Total British	4,267	4,658	47,435	49,278
IMPORTED				
DAF (Holland)	—	—	1	23
Chrysler (France)	344	330	2,733	4,237
Citroen (France)	6	5	50	134
Honda (Japan)	360	—	457	—
Peugeot (France)	—	—	—	—
Renault (France)	93	80	1,119	1,088
MAN (FDR)	—	—	—	—
Magirus-Deutz (FDR)	—	—	—	—
Mercedes-Benz (FDR)	—	—	—	—
Volkswagen (FDR)	—	—	—	—
Fiat (Italy)	—	—	—	—
Datsun (Japan)	278	—	2,631	3
Mazda (Japan)	—	—	—	—
Toyota (Japan)	12	—	20	—
Moskvich (USSR)	46	43	342	435
Scania (Sweden)	—	—	—	—
Volvo (Sweden)	—	—	—	—
Others	—	—	4	16
Total Imported	1,134	458	7,397	5,976
GRAND TOTAL	5,401	5,116	54,832	55,254

It is only a relatively short time since the company, the major importer of cars into the U.K., decided to go for the light commercial vehicle market in Britain. And, as the table shows, its success has been phenomenal. In January to September last year, it sold just three car-derived vans and pick-ups in the U.K. The corresponding period of 1976 saw 2,851 of its vehicles—over a third of all car-derived van and pick-up imports—hit British roads, with the company becoming the largest single importer apart from Chrysler France (whose vehicles are distributed through the British Chrysler company's network and form an integrated part of the overall Chrysler range here, with the British subsidiary a non-combatant in this particular market sector).

Competition

In August, Datsun, out-sold every other importer, with 507 new registrations, to give it over 40 per cent. of the market for imported vehicles and virtually 7 per cent. of the overall market for car-derived vans and pick-ups. In September it was surpassed by only Chrysler and Honda.

This is just the sort of pattern Datsun achieved in the car market, where it is now creating such serious competition for the U.K. producers. And, giving its success, even more significance, those light commercial sales figures were achieved on a generally declining market.

For overall, hit by the economic depression like the car market proper, demand for car-derived vans and pick-ups is, as might be expected, not in a particularly healthy state. The first nine months of the year saw 54,832 vehicles of this type sold here against 55,252 in the corresponding period a year before. And within that total, importers' sales actually rose, reaching 7,397 against 5,976 in January-September, 1975, while the home producers saw theirs fall from 49,278 in the first eight months of last year to 47,435. The full extent of the decline is apparent when figures for earlier years are examined. In 1973, sales in the van and pick-up market amounted to just over 100,000 vehicles. The ending of purchase tax (which did not apply to vans) and the introduction of value added tax (which does) automatically hit demand from private motorists seeking a vehicle offering most of the comforts of a saloon car, but at a considerably lower price, and by last year sales were down to 72,000.

This year, they may not make that, even though September

273 and Honda's 360 compared with none respectively a year earlier making a big impact).

Within these overall totals is a wide variation in performance by the individual U.K. producers. The biggest sufferer in the first nine months of the year was British Leyland, bedevilled by the same production problems which have so whittled away its share of the car market. Its Mini and Marina-based vans may have dominated the van market, with more than 40 per cent. of all car-derived vehicle sales, but it had only 22,003 new vehicles registered against 25,168 in the corresponding period a year earlier.

Bedford, Vauxhall's sister marque, also saw a decline, with 9,750 new registrations compared with 11,243 in January-September last year, while Ford Motor, the remaining U.K. producer in this sector, by contrast, secured a significant upturn. Sales of its car-derived vehicles totalled 15,678 in the first eight months against 12,851 in the corresponding period of 1975.

Sales

In September only Ford, of the big three British manufacturers, managed to boost sales, although British Leyland retained market leadership. A total of 1,384 new Ford car-derived vans and pick-ups was sold, 124 more than 12 months previously. British Leyland sold 431 fewer than a year before to reach a total of 1,918, while Bedford saw its sales slide to 983 compared with 1,028 in September 1975.

It is significant and worrying for the British industry that it managed to achieve these disappointing figures when only one Japanese manufacturer, Datsun, was really established in the industry. Honda had only entered the U.K. market the previous month (for though the TN360 is a panel van—that is, a new design in its own right rather than a vehicle sharing its basic body panels with an equivalent car model—it is in the car-derived sector that it is fighting for sales with such vehicles as the Mini-van and the van variant of the Renault 4), and Toyota, with just twelve car-derived vehicles sold, still really has not.

The Commercial Vehicle Show represented the throwing-down of the gauntlet by those two companies as they came alongside Datsun to stake their claim to a big share of the British market, just as they have successfully done elsewhere (and, in Toyota's case, along with fellow Japanese producer Mazda, have done in the remainder of the U.K. light commercial market for vehicles of under 3½ tons).

In Japan, commercial vehicle production is a big business, with most output concentrated at the lighter end of the market because of the Japanese road system. In the U.S., where demand is very high, the Japanese dominate the pick-up sector in which the European industry had traditionally been a strong force. There is no doubt that the Japanese challenge in Britain will be one very much to be reckoned with, as in Datsun's case it already is.

Against it, the British producers appear to be going through a period of rationalisation of model ranges and improvements to existing proven vehicles rather than introducing

U.K. TRADE IN LIGHT GOODS VEHICLES* (£m.)					
	1976	1975	% change	1976	1975
Exports (fob)	13.5	9.0	+50	103.5	74.0
Imports (cif)	1.8	1.2	+50	13.4	9.9

* Up to 3 tons gross vehicle weight. Source: SMMT

newcomers into the arena. At more than half an eye on overseas markets, extends right down to the imported French-made car-derived van, Hi-Top van and pick-up, all with a 1-ton payload, based on the Simca 1100 saloon.

From neither Leyland nor Ford have there come any changes of significance. In Leyland's case in particular, much as far as the battle against Honda's TN360 is concerned, will obviously depend on the Mini replacement, about which there has been so much recent controversy, and its van equivalent, assuming that there is one, as there almost certainly will be. But that is several years away.

Meanwhile, British successes overseas notwithstanding, the Japanese are obviously here to stay. And it is on their sales record that many anxious eyes will be focused in the months and years ahead.

Terry Dodsworth

Nothing is too big.....or too small for Smiths Industries.



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Continuous technological development in vehicle instrumentation has resulted in a wide range of precision instrumentation systems. These are suitable to the varying environments of rugged construction equipment through commercial vehicles to the sophistication and

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Tudor Accessories Ltd. — A subsidiary of Smiths Industries is responsible for designing, developing and supplying as original equipment, manual and electric windscreen washing units to car and commercial vehicles.

Smiths Industries also provide a wide and comprehensive range of motoring accessories, amongst these is Bluecol. Bluecol is Britain's biggest selling anti-freeze and endorsed by

leading motor manufacturers such as British Leyland.

Together the Vehicle Equipment businesses of Smiths Industries are playing a major role in providing vital equipment to the majority of commercial vehicle and car manufacturers in Europe today, whilst researching into tomorrow's problems. Nothing is too big or too small for Smiths Industries.

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a Michell

Electronics advance

THE INTRODUCTION of electronics into motor vehicles only began in 1958 with commercial vehicle alternators, and it was not until 1967 that the first comprehensive system, an electronically controlled fuel injection system was put on the market. For practical purposes on most current production models the use of electronics is still at a very early stage, but this has only served to fire the imaginations of the electronics engineers, whose dreaming could eventually revolutionise car construction and the motorists' whole driving environment.

Research and development of electronic systems for motor vehicles is being carried on in four main areas. The one of most current concern is the improvement of existing electronic systems, such as electronic ignition, cruise control and voltage regulators, and the conversion of present electro-mechanical and mechanical systems to electronic systems.

The second area arises partly from the growing scale of legislation on emission controls and also from the serious need to improve fuel economy and encompasses work on electronic fuel injection and electronic spark timing control.

Other areas are rather more futuristic and though they might have attractive cost-benefit advantages they face formidable cost and technological challenges, not to mention the mass of objections that would be forthcoming on political and social grounds if they ever reach the point of becoming commercially feasible.

Examples in this field are the development of systems to detect whether a motorist's ability is impaired in any way, such as through drink and also the research of applications of automatic radar brakes. The final goal of all this research and development is the ultimate concept of a central car computer which embodies a totally integrated electronic system.

Prohibitive

In recent years the introduction of electronics in car manufacture has often been ruled out because of prohibitive costs. Problems, but manufacturers are finding more and more that the parameters of car construction are changing in line with new demands from legislators and consumers which now make the use of new techniques and materials feasible and often desirable.

Systems already exist for several functions, but because of the costs factors they tend so far to have been introduced on more expensive models in Britain, where price has not been such a dominant element. The most recent major applications of electronics in the main car-producing countries include electronic fuel injection, electronic spark timing control, and electronic wheel lock control for vehicles with air brakes. Other current systems cover headlight control, tachometers,

The major problem being faced in this area of research is to design a suitable test in which the measure of the normal differences in capabilities and temperaments between individuals is significantly lower than the variation between a single unimpaired and impaired driver.

It would have to take into account the varying rates at which individuals can assimilate information and new systems, and would somehow have to overcome the problem of distinguishing between drunken drivers, who may find it well within their capabilities to learn a few tricks of mental or physical dexterity to beat the inhibiting device, and people who might be of a permanently nervous disposition for instance and thus for ever ruled out from starting the engine. The problems of then selling such a system to the public and making it politically acceptable are every bit as formidable as the technical difficulties.

In an allied field of research some thought is being given to the use of automatic radar brakes because U.S. Government studies of rear-end collisions suggest that 45 per cent of the drivers in the striking vehicle claimed they never saw the vehicle they hit until after the accident.

Such accidents caused by a driver's inattention to vehicles stopping or slowing down in front of him suggest that there could be some future for radar-assisted braking systems. But the major problem this area faces is the complexity and cost of a system that would have to conduct a comprehensive hazard analysis of potential obstacles.

Accidents

According to Mr. Trevor Jones, General Motors director of proving grounds, electronic engineers face two major challenges: "In the near-term is the achievement of a cost-effective integrated electronic system, and secondly, a much longer-range goal, is to develop cost-effective systems to help reduce the very high driver-caused accidents, with particular attention being directed towards the drinking driver."

Predictions that in the early 1980s 10 per cent of the cost of a car will be represented by electronic systems are still on target and already some production models in the U.S. exceed this prediction.

According to Robert Bosch future trends in electronics will be towards a single centralised system for each car rather than individual systems for ignition, injection, braking, etc. The company envisages a multiplex wiring system, rather like a ring main running right through the car. This main would include three cables—one as a power cable, the second for sending out the coded command signals, and the third for monitoring the feedback of information—and in this every item of electrical equipment in

the car could be attached.

The driver could receive information on the break-down of individual components, such as brake lights or transmitters, or the falling of the hydraulic braking system, and this would be set in order of priority of each danger. Thus brake failure would be communicated before information on a failed bulb in a headlight.

The whole multiplex concept is still very much at the experimental stage, but it is a logical bringing together of the existing systems and would make it relatively simple to add new accessories, such as reversing lamps, to the car at a later date. It could still be at least 10 years away, but its advent could enable information to be transmitted to the driver on a digital display concerning such things as the level of lubricating oil (without a dipstick), the thickness of brake linings and the pressure in the tyres. As in many other aspects of electronics development for cars the technology is already being pioneered in aeronautical research.

Electronically controlled fuel injection will soon be helping manufacturers with the problems of increasingly stringent exhaust emission legislation. In one of the strictest areas of the world, in this respect, California, Volvo will soon be selling a car which has a special probe fitted in the exhaust system that checks up on the mixture of gases being emitted. The cars have to run on lead-free petrol, as is the case in California, and the probe measures the amount of oxygen in the gases emitted and changes the amount of fuel injected, improving both economy and performance.

Other Bosch research takes the use of electronics into the field of communications and entertainment in the car. This month an experiment begins in

London whereby a local commercial radio station will be used for the systematic transmission of traffic information on an electronically selected basis. A decoder is being fitted to some radio sets in cars in the London area which will be able to receive a pulse that automatically turns on the volume when traffic information is being transmitted, and which can also break across other programmes, or silence all others except the station sending out the traffic information. The system is already in full operation in Germany and Austria and will be started in Denmark next year. In Yugoslavia it will be used to transmit tourist information.

A far more advanced information system is being tried out in the Frankfurt-Cologne area next year. A probe is placed under the wing of the car and picks up signals from loops placed in the road surface. This can relay information on traffic densities, climatic conditions and road hazards.

The probes will be installed in certain public vehicles such as taxis, fire engines and ambulances and enable vehicles to be directed away from traffic blocks in various parts of this most densely populated area. The experiment will try to prove that roads can be used far more economically and comfortably by giving out advance information to drivers.

New materials are constantly being introduced into the sphere of car manufacture, from alloys to plastics and ceramics, and all have some contribution to make towards improving functions and performance, but in the long-term, none heralds such major changes in the motorist's habits as does the arrival of the electronic age.

Kevin Done

Record exports in components

IN THE testing times ahead the motor industry will become even more dependent on the export-minded component suppliers in order to improve turnover and exports, for it seems clear that over the next year any significant expansion will come from overseas markets. Year by year the total turnover of the component makers has increased the challenge to the vehicle makers. In 1974 the output of components and accessories was valued at £2.5bn., only £300m. less than that of all vehicles. This year it is estimated that the comparable figures will be £3bn. for components and £3.5bn. for vehicles.

In the export field shipments of components outshine those of the car and truck makers. In 1973 overseas business amounted to £700m.; in the first six months of this year it was a record £730m., or more than 40 per cent of the overall value of the entire exports from automotive industries. Last year the component makers broke the billion pound export barrier for the first time to notch up £1.15bn. in foreign earnings, compared with the £912m. for cars and trucks. By the end of this year component exports are expected to show a further rise of 6-8 per cent.

While imports take some of the gilt off the gingerbread, the trade balance is heavily in favour of U.K. exports. Last year component imports accounted for £385m. (a 30 per cent jump) but exports were as stated above.

The range of products is extremely wide, from gudgeon pins to engines and axles, and is similarly varied in individual values, from 400 tons a day to feed Volvo factories in Sweden worth more than £80m. annually to £7.5m. worth of tyres to Australia and £37,000

ing business to disentangle U.K. manufacturing operations from the assembly operations, with models either being brought across the Channel or arriving in kit form from France, Spain or wherever. Although there are programmes for the replacement of imported components by British-made equivalents—the Alpine assembly process, for instance, presumes a 57 per cent domestic content by mid-year—until this stage is reached it is going to be difficult to tell, from the statistics at any rate, the degree to which the U.K. manufacturing base has been eroded.

The overseas operations of the 600 or so suppliers who comprise the component sector of the motor industry are therefore of crucial importance in preserving and extending the U.K.'s earnings and influence in world markets.

Major suppliers like Associated Engineering, Automotive Products and Dunlop are strengthening their overseas operations and bases as the Lucas group's £100m. investment programme over the next 11 months—much of it in automotive products—and GKN's bid for control of Sachs AG for £71.5m. certainly testifies. These are two of the more headline-grabbing events, but no less significant has been the penetration of Automotive Products into the Japanese market or Armstrong Equipment's aggressive diversification.

These and other moves seem to point a parallel to what is happening on the European car manufacturing front, where products are increasingly flowing across national boundaries, and up to a point this is true. Transnational manufacturing programmes were partly the result of the growth of the European Economic Community accompanied by the dismantling of

THE NAME of the engine development game in 1976 has been evolution, not revolution. To meet the twin objectives of obtaining cleaner exhaust emissions and lowering fuel consumption, the car manufacturers, world-wide, have refined existing designs and achieved radical solutions.

The gas turbine, that white hope of the 1950s, is virtually dead so far as cars are concerned, though it may yet be used to power maximum weight transcontinental trucks, and the Wankel rotary piston engine, despite certain attractions, has suffered an eclipse. Whether this is to be temporary or permanent, only time can tell, but the signs are not encouraging.

Completely new petrol engines have been few and far between in the last year. There have been none in Britain. The most important new British car of 1976, the Rover 3500, has essentially the same light alloy V8 as its predecessor though changes, including the adoption of electronic ignition, have made it a little more powerful, refined and economical.

In Germany, Daimler-Benz have introduced a 2.5 litre, six-cylinder carburettor engine for one of the W123 range of cars which otherwise have the same engines as the previous compact cars. Audi stuck a new note, at any rate for automotive petrol engines, with a five-cylinder, overhead camshaft unit for the most expensive of their new 100 models, though the existing 1.6 and 2-litre fours are retained for the rest of the range.

The decision to use a five-cylinder engine was forced upon Audi because there was no room to install a straight-six in this front-wheel drive car. Other forms of multi-cylinder engine were rejected as too heavy or bulky. Interestingly, a similar situation had been seriously considered some years ago by

Rover when they wanted to produce a more powerful version of the 2000, but the problem was solved by buying Buick's small V6.

In Italy, Lancia's new Gamma saloon, which has not yet been seen in Britain, has a flat-four "boxer" motor. This might seem a surprising choice for a costly prestige car, but it was forced upon Lancia for much the same reasons as led Audi to go in for a five-cylinder engine. Both Renault and Peugeot have what is basically the same new engine in the R14 and the revamped 104 respectively. This transversely mounted overhead camshaft four-cylinder is Renault's first of its kind. Few would be surprised to see it used in a future Citroen, following that company's forced merger with Peugeot.

Regulations

Japan's main preoccupation has been with the increasingly stringent emission regulations and Honda have taken a lead with their CVCC unit. This engine, now available in Britain for the first time in the new Accord three-door, produces an exceptionally low level of emission without recourse to catalytic converters or exhaust gas recirculation. Its basic structure is the same as an eight four-stroke engine, except that it has an auxiliary combustion chamber around the spark plug and a small additional intake valve in each cylinder. Because it can operate on lean mixtures it also gives unusual fuel economy: 31 mpg in a city driving cycle and 44 mpg on the highway are claimed for the 1.6 litre car. The Accord was ecstatically received in the U.S. earlier this year and may well repeat its success in Britain.

The other Japanese engine development of note is the "Astron" four-cylinder now widely used in Mitsubishi cars. It has a pair of contra-rotating balance shafts on either side of the cylinder block. They damp out vibrations so successfully that the "Astron" can feel and sound as smooth as a good in-line six-cylinder engine.

Considerable economy benefits can be realised by deliberately "detuning" otherwise conventional petrol engines and installing them in cars with very high overall gearing.

Exploiting this principle, Renault's R5 CRJ has a 1.3 litre engine like that used in the R15. Its fuel consumption is normally as good as that of the 875 cc version and can be pushed even better when driven fast. The engine is never able to become thirsty because the very small carburettor refuses to admit large enough volumes of fuel/air mixture. A similar tactic has been adopted by Ford diesel cars, running in its economy pack for the sweep-able by a political slogan to raise fuel duty, but can change the diesel engine in the inherently superior, lower fuel consumption and exhaust emissions.

But, unquestionably, the most interesting engine development of the present year has been the dieselisation of the Volkswagen Golf. In the past, it was always held that a petrol engine could not be converted into a diesel unless it had been grossly over-designed in the first place. That was because a diesel works at compression ratios at least twice those of petrol engines, and had to be more robustly constructed. Volkswagen overruled this theory with the Golf. The cylinder block, crankshaft, camshaft and connecting rods are those of the previously used 1.5 litre petrol engine. Golf petrol and diesel engines are machined on the same transfer line, permitting obvious production economies compared with other car diesel engines.

But the VW technique will only work with small capacity diesels of 1.5 litres or less. It is, because, to keep production costs down, there is a practical limit to the thickness of the walls of the iron cylinder block of a popular car engine. In the case of the Golf 1.5 petrol unit, the walls were thick enough to take the extra stress of diesel combustion. Luckily, so were other major components.

The Golf Diesel has four rubber belt drive for the shaft and the fuel injection pump. It is unusually quiet, a diesel, even when taken in its own words, "boxer" motor. This might seem a surprising choice for a costly prestige car, but it was forced upon Lancia for much the same reasons as led Audi to go in for a five-cylinder engine. Both Renault and Peugeot have what is basically the same new engine in the R14 and the revamped 104 respectively. This transversely mounted overhead camshaft four-cylinder is Renault's first of its kind. Few would be surprised to see it used in a future Citroen, following that company's forced merger with Peugeot.

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But, unquestionably, the most interesting engine development of the present year has been the dieselisation of the Volkswagen Golf. In the past, it was always held that a petrol engine could not be converted into a diesel unless it had been grossly over-designed in the first place. That was because a diesel works at compression ratios at least twice those of petrol engines, and had to be more robustly constructed. Volkswagen overruled this theory with the Golf. The cylinder block, crankshaft, camshaft and connecting rods are those of the previously used 1.5 litre petrol engine. Golf petrol and diesel engines are machined on the same transfer line, permitting obvious production economies compared with other car diesel engines.

But the VW technique will only work with small capacity diesels of 1.5 litres or less. It is, because, to keep production costs down, there is a practical limit to the thickness of the walls of the iron cylinder block of a popular car engine. In the case of the Golf 1.5 petrol unit, the walls were thick enough to take the extra stress of diesel combustion. Luckily, so were other major components.

The Golf Diesel has four rubber belt drive for the shaft and the fuel injection pump. It is unusually quiet, a diesel, even when taken in its own words, "boxer" motor. This might seem a surprising choice for a costly prestige car, but it was forced upon Lancia for much the same reasons as led Audi to go in for a five-cylinder engine. Both Renault and Peugeot have what is basically the same new engine in the R14 and the revamped 104 respectively. This transversely mounted overhead camshaft four-cylinder is Renault's first of its kind. Few would be surprised to see it used in a future Citroen, following that company's forced merger with Peugeot.

Japan's main preoccupation has been with the increasingly stringent emission regulations and Honda have taken a lead with their CVCC unit. This engine, now available in Britain for the first time in the new Accord three-door, produces an exceptionally low level of emission without recourse to catalytic converters or exhaust gas recirculation. Its basic structure is the same as an eight four-stroke engine, except that it has an auxiliary combustion chamber around the spark plug and a small additional intake valve in each cylinder. Because it can operate on lean mixtures it also gives unusual fuel economy: 31 mpg in a city driving cycle and 44 mpg on the highway are claimed for the 1.6 litre car. The Accord was ecstatically received in the U.S. earlier this year and may well repeat its success in Britain.

The other Japanese engine development of note is the "Astron" four-cylinder now widely used in Mitsubishi cars. It has a pair of contra-rotating balance shafts on either side of the cylinder block. They damp out vibrations so successfully that the "Astron" can feel and sound as smooth as a good in-line six-cylinder engine.

Considerable economy benefits can be realised by deliberately "detuning" otherwise conventional petrol engines and installing them in cars with very high overall gearing. Exploiting this principle, Renault's R5 CRJ has a 1.3 litre engine like that used in the R15. Its fuel consumption is normally as good as that of the 875 cc version and can be pushed even better when driven fast. The engine is never able to become thirsty because the very small carburettor refuses to admit large enough volumes of fuel/air mixture. A similar tactic has been adopted by Ford diesel cars, running in its economy pack for the sweep-able by a political slogan to raise fuel duty, but can change the diesel engine in the inherently superior, lower fuel consumption and exhaust emissions.

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COMPONENTS (EXPORTS AND IMPORTS)

	8 months ended August 1976	1975	% change
Exports of components, parts and accessories	956.3	739.0	+29
Imports of components, parts and accessories	330.9	246.4	+34

worth of speedometers. Exports are likely to become of increasing importance because the car manufacturing base in the U.K. has been contracting.

The extension of transnational operations by Ford and General Motors (Vauxhall in Britain, Opel in Germany) together with Chrysler's French Alps-supported rescue programme has made it a confu-

tariff barriers, the recent inclusion of the U.K. and the race to achieve economies of scale before having it thrust on one like Citroen, for example.

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It is generally acknowledged that British makers of friction brakes have the advantage over rivals and brake manufacturers held a clear lead with the invention of the disc brake. Only two or three lightweight cars like the Mini and Reliant Kitten do not now have disc front brakes, and almost all car makers have introduced tandem, or dual (seven replicate) systems for safety reasons to provide emergency braking at least one foot from wheel and one back in the event of a brake fluid pipe disintegrating. Such braking systems are with only a few exceptions provided with a servo "booster" to decrease pedal pressures needed to stop

CHRYSLER
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THE MOTOR INDUSTRY VIII

Japanese challenge maintained

THE MOST significant phenomenon in the history of the world's motor industry since the war has been the growth of the Japanese vehicle manufacturers. The two largest Japanese motor companies, Toyota and Nissan (the manufacturer of Datsun cars), have forced themselves into the top league of world producers, and from an insignificant beginning in export markets only 20 years ago, the Japanese now dominate the world-wide exporting tables. With the emergence of this new force in the industry, the world's primary motor manufacturing base to-day is split between Japan, the U.S. and Europe.

This state of affairs is now being challenged by two new forces. The first of these is the development of new national industries, backed either by State capital or patronage in countries where the motor industry is seen either as a primary force in economic development, or as a useful earner of foreign exchange.

The Comecon countries are a good example of this trend. In recent years they have moved more and more of their resources into the development of the motor industry in a deliberate shift of emphasis towards consumer industries and exports. A recent survey of the potential of this part of the globe by the Paris-based research institute, Euro-

economics, came up with the conclusion that by 1985 the countries of Eastern Europe, including Russia, could be producing 4m. cars a year. This would put them in a significant position against the productive potential of the U.S. and Europe (about 10m. and 12m. cars a year respectively) and Japan (about 5m.).

A significant proportion of the Eastern European effort is being directed towards exports—though how much is by no means clear at present. Cars are high value items which reap a quick reward in terms of foreign exchange, and during the last five years or so there has been a noticeable quickening of the tempo in the Eastern European manufacturers' efforts overseas. This has been felt particularly in Britain, where Comecon cars now have about 1.5 per cent. of the market, and increasingly so in the rest of Western Europe.

PASSENGER CAR EXPORTS ('000 units)						
	1960	1970	1973	1974	1975	Six months June 1976
U.K.	575	723	605	596	532	293
France	492	1,061	1,340	1,298	1,233	794
West Germany	841	1,934	2,204	1,882	1,450	909
Italy	198	632	656	686	661	250
Japan	7	726	1,451	1,727	1,827	1,275
Sweden	49	187	183	163	163	n.a.
U.S. and Canada*	107	76	53	115	138	n.a.
Total of major vehicle producing countries	2,269	5,339	6,492	6,467	6,004	
U.K. share	25%	14%	9%	9%	9%	

n.a. Not available. * Excludes trade between U.S. and Canada.

MAJOR WORLD PRODUCERS OF CARS	
1 GM (U.S.)	3,679,260
2 Ford (U.S.)	1,808,038
3 Toyota (Japan)	1,714,836
4 Nissan (Japan)	1,532,731
5 Renault (France)	1,292,551
6 Chrysler (U.S.)	992,902
7 VW (West Germany)	1,050,286
8 Fiat (Italy)	1,006,650
9 BMC (U.K.)	605,141
10 Citroën (France)	623,683

Source: The Automobile Manufacturers Association of each country.
Note: Affiliated companies are not included for individual manufacturers.

and Lada, the Russian manufacturer, has recently indicated its intention of exporting to the U.S.

Another country which shows signs of developing into a considerable exporting force is South Korea. Unlike most of the Eastern European nations, South Korea has set up its car manufacturing completely from scratch, and the capital behind the venture is private rather than public.

Objectives

But there are national objectives at work in the venture to the extent that South Korea wants to become a major car exporting nation and a significant force in the world's motor industry. This partly explains

the hiring of a British chief executive, Mr. George Turnbull, formerly of Leyland, to set up the car plant, and an Italian styling house to design the car from the first, the intention was to have a company with a similar productive capability with those found in the West, and a car called the Paykan which is derived from Chrysler UK's Hunter. Manufacturing of this vehicle, launched in the mid 1960s, has built up swiftly to about 80,000 last year, and there are ambitions to push up to 150,000 this year and 250,000 in 1980. The long process of substituting local component manufacturing for British-made parts has already begun. All the sheet metal in the vehicle is now made in Iran, and foundry works are being developed for engine manufacturing.

Iran is perhaps the most advanced example of this trend. Its motor industry has been built mainly on one model, a car called the Paykan which is derived from Chrysler UK's Hunter. Manufacturing of this vehicle, launched in the mid 1960s, has built up swiftly to about 80,000 last year, and there are ambitions to push up to 150,000 this year and 250,000 in 1980. The long process of substituting local component manufacturing for British-made parts has already begun. All the sheet metal in the vehicle is now made in Iran, and foundry works are being developed for engine manufacturing.

Iran, and many of the South American and African states which have followed its ideas of local assembly, has carefully controlled the development of its motor industry. Licences are granted for specific aspects of the industry—four or six cylinder cars, for example—and a plant set up usually in co-operation with a local interest—either private or the state.

ample, quickly established such operations in sophisticated markets such as South Africa, Australia and New Zealand, where they could rely on a local source of skilled labour.

In developing countries the demand for similar local facilities is being conceded by Western manufacturers today because that is often the only way of doing business. This usually means a long-term training effort to raise the local level of skills; indeed, it is because developing nations perceive the motor industry as a useful way of evolving a workforce skilled in modern manufacturing methods, and eventually in advanced methods of metal forming, that they insist on local assembly. The aim eventually is to take over more and more of the manufacture of the vehicle at local level.

Some countries, however, have allowed the multinational car companies to develop manufacturing facilities under their own ownership. This has seemed to work best where the amount of competition has been limited. In Argentina, for example, suffered an extremely difficult spell when it had about a dozen manufacturers fighting for a foothold in the market—and in these cases a discernible local model policy has emerged. For instance, the Brazilian offshoots of Volkswagen and General Motors now manufacture cars which have a distinctly original flavour and design, although based on models made elsewhere in the groups.

Facilities

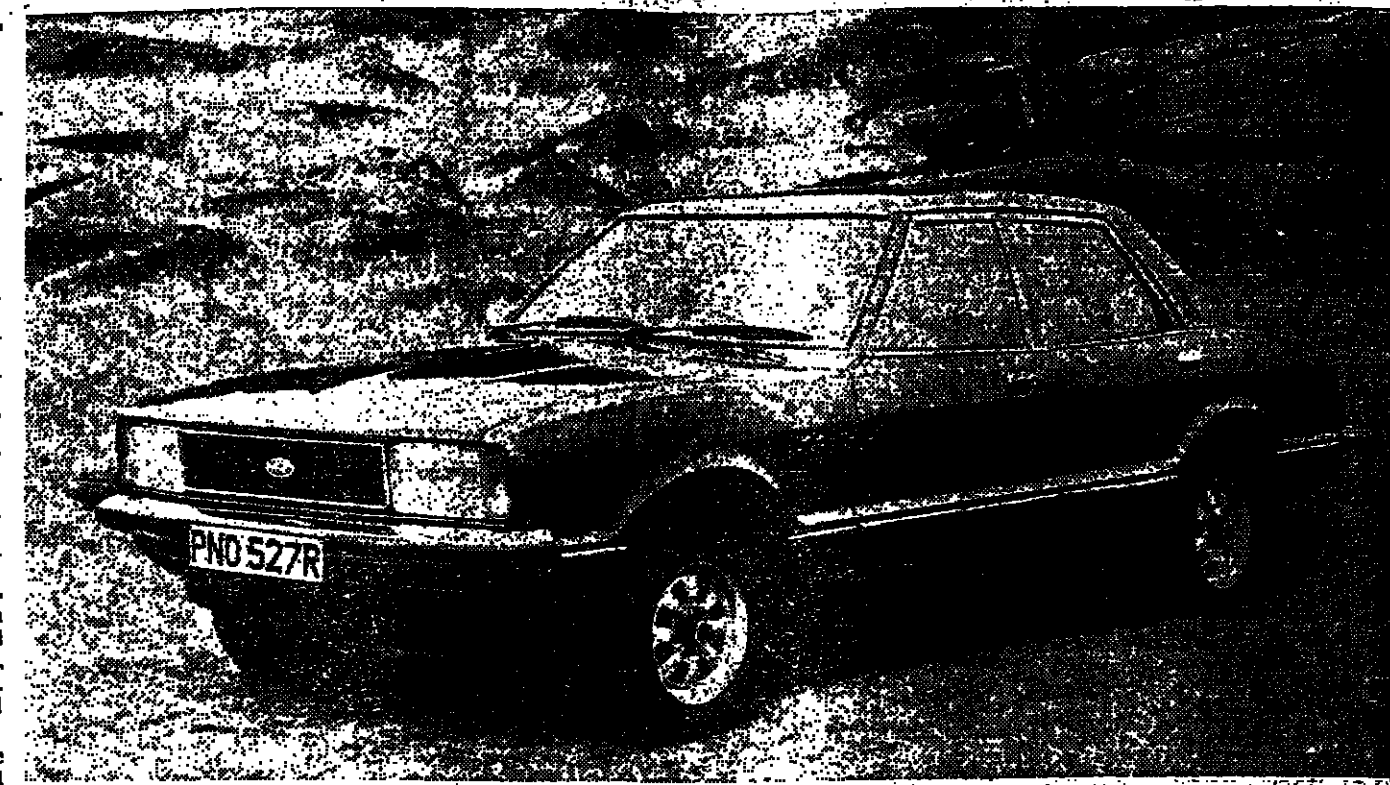
Over the past decade or so, much of the growth of the large U.S. and European car manufacturing companies has come from overseas expansion of this kind. The U.S. market has reached the point where most sales are for replacement of existing cars; and in Europe the rate of capturing first time purchasers is slowing down—Spain is the last populous area on the European continent where a rapid rate of expansion can be expected.

The increasing equalisation of wage rates and production costs between Europe and the U.S. has also meant a big rethink of European exporting methods across the Atlantic. In the 1950s and 1960s America was one of the great markets for European built-up cars; at one stage Volkswagen was exporting almost 500,000 vehicles a year. But Volkswagen is now on the point of shifting its effort away from the built-up product into the export of technology and capital, as it goes ahead with the plan to build its first U.S. factory. Volvo is planning changes in the world market Leyland has cut out volume cars long distances. How long this from its American line-up to can continue, is anyone's guess.

VEHICLE DENSITY (1974)		
Country	Cars	Persons per vehicle
U.S.	99,452,000	1.7
Japan	15,855,548	2.1
West Germany	17,356,276	3.3
France	15,180,000	3.5
U.K.	13,947,934	3.5
Italy	14,200,000	3.6
Canada	8,037,800	3.1
Soviet Union	1,508,000	166.7
Australia	4,650,000	2.3
Spain	4,226,511	6.9

concentrate exclusively on sports cars and Jaguars. The exception to this pattern remain the Japanese. The immensely productive Japanese manufacturing bases, combined with its smooth marketing and distribution methods, has given it the ability to respond swiftly to changes in the world market and supply competitively over long distances. How long this can continue, is anyone's guess.

Apart from the economic factors, the political pressure on the Japanese to invest abroad has certainly looked at both America and Europe as manufacturing bases. The way which the Japanese react to intensifying world pressure to modify their motor industry trade balance could be one of the big issues of 1977.



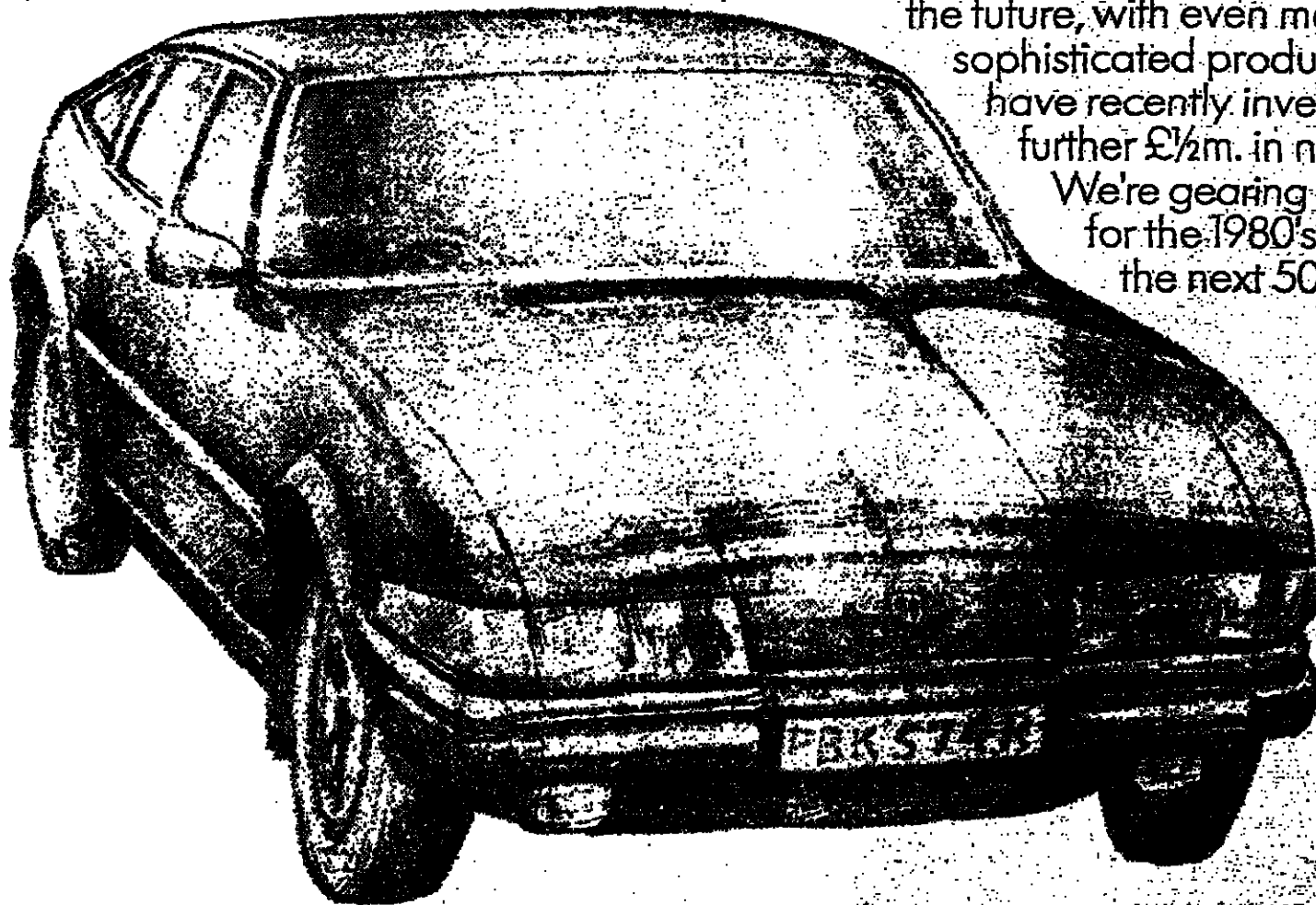
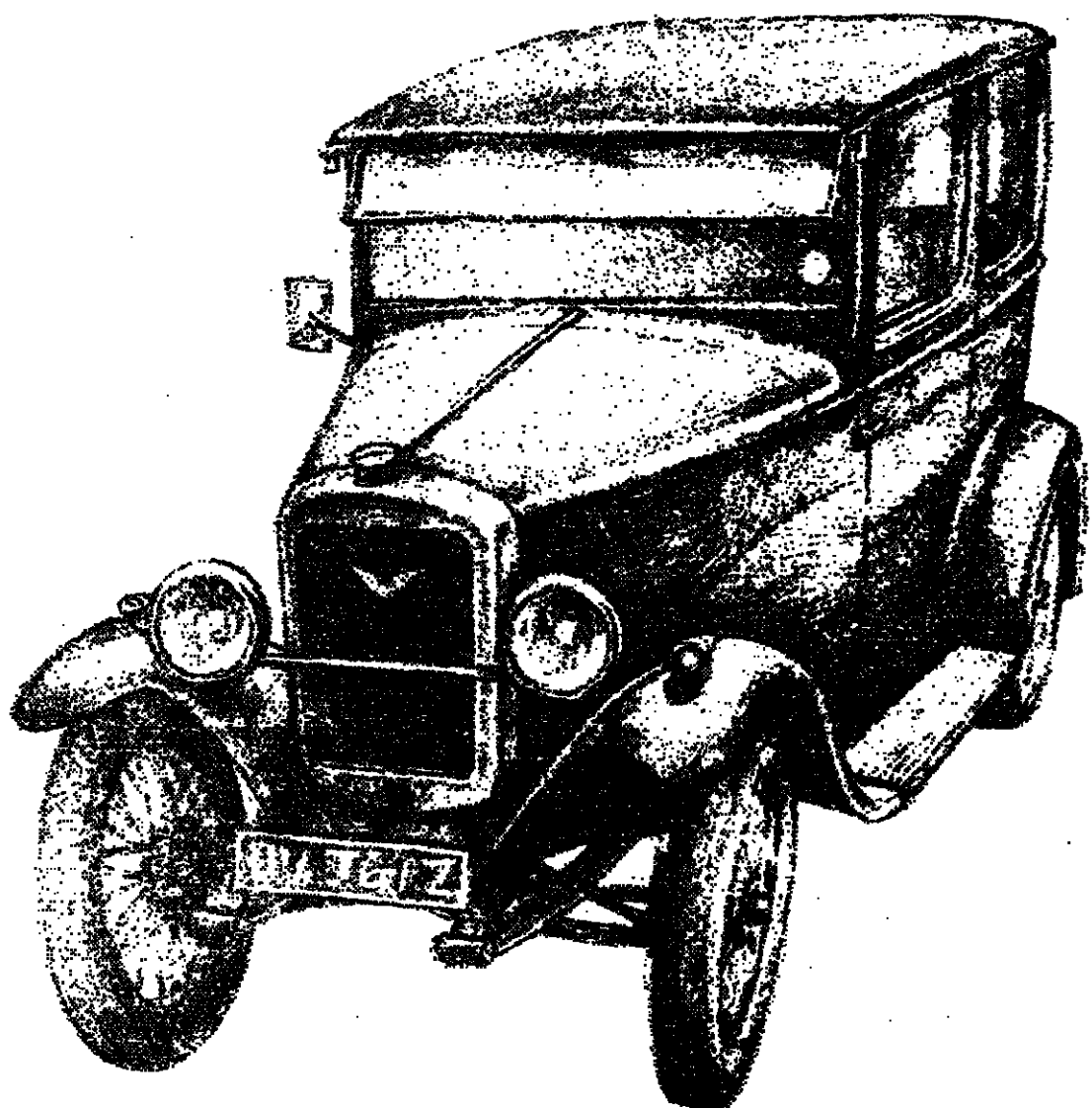
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Geoffrey Owen reports on the reasons why the U.K. and Germany are less attractive than the U.S. to science-based entrepreneurs.

The science venture capitalists: a taxing problem

MR JAMES CALLAGHAN, the Prime Minister, is concerned about the low status of industry in this country, which, among other things, causes scientists and engineers to pre-fer academic life to careers in industry. If he wants to do something about it, he should take a look at a new study of the reasons why the U.K. is not more attractive to science-based entrepreneurs than the U.S. The study, prepared by Arthur D. Little, the industrial consultants, shows that the U.K. is well endowed with institutions, both private and public, to provide venture capital. Much more so than Germany, where the government provides a much less favourable environment for science-based enterprises than the U.S. The study, prepared by Arthur D. Little, the industrial consultants, shows that the U.K. is well endowed with institutions, both private and public, to provide venture capital. Much more so than Germany, where the government provides a much less favourable environment for science-based enterprises than the U.S.

The situation in Europe is very different. The authors of the study estimate that the number of NTBFs in the U.K. is probably not much more than 200. Of the 43 listed in the report six are publicly quoted (Racal, Stancat, Rofort, Dertron, Kite International and Unitech) and 54 are close companies. In Germany the number may be even smaller: only 48 are listed in the report, of which by far the largest is Nordorf, the computer manufacturer. Is the problem lack of finance? Since 1949 British scientists and inventors have had access to the National Research Development Corporation, but social attitudes, structures of taxation and her external factors present a scientist-entrepreneur with most insuperable obstacles. The dynamism of U.S. industry stems in part from the steady stream of scientists and engineers who are "spun off" from large corporations, universities and government laboratories and start their own companies. These have come the "leading edge" of technological innovation and they play a vital role in helping the market power the large corporations. Many of them are clustered in districts like "Silicon Valley" in California, where there are out 800 "new technology" firms (NTBFs) — see the top right) with annual sales of \$2.5bn. There are at least six other districts of this kind in the U.S. and some of the companies — Hewlett-Packard and Digital Equipment Corporation among them — have themselves become "incubators" of new science-based enterprises.

In this respect has contributed to the general lack of interest on the part of the Government in the process of innovation and in the part which small enterprises play in it. The German Government, by contrast, has become much more interested during the last few years. In 1975, for example, a group of banks and credit institutions set up the Deutsche Wirtschaftsbank (DWBF) to provide venture capital for high-risk technological innovation, especially in small and medium-sized industry; the Federal Government will reimburse 75 per cent of DWBF's losses in the early years. The authors of the study believe that DWBF's initial capital of DM10m. may be too small and warn that if the "banker mentality" prevails the institution may be too reluctant to take risks. There is also the problem of how DWBF is to make a capital profit on its successful investments; a stock market flotation (the normal route for American venture capitalists) is virtually impossible in Germany, and one of DWBF's aims is to avoid selling its protégés to large concerns. When it comes to private sources of finance the British scientist-entrepreneur is much better placed than his German counterpart. There are more than a dozen specialised institutions offering venture and development capital, many of them subsidiaries of, or backed by, banks, insurance companies and pension funds. The City of London is much more responsive to the needs of the individual entrepreneur and the small firm than the German financial community, says the report. The trouble is that, partly because of the poor performance of the U.K. economy, providing venture capital has not been a very rewarding business. For instance, Technical Development Capital—since 1966 a subsidiary of ICFP—has achieved

the only practical method of rewarding the inventor-entrepreneur and the venture capitalist for the risks they have taken in starting the business is to sell out to a large corporation. The authors make the point that in practice most of the U.K. institutions are more interested in supplying development capital, which comes at a later stage than pure venture capital. There are several modestly successful European venture capital organisations, of which the largest is European Enterprises Development; it was modelled on American Research and Development, whose great triumph with Digital Equipment Corporation

must be every venture capitalist's dream: its original \$70,000 investment rose to a market value of \$125m. by 1967, a return of 180,000 per cent. What is missing in Europe is the large number of genuinely private sources of venture capital which are available in the U.S., based on family riches such as those of Rockefeller, Phipps and Whitney. The fact that these fortunes exist and that their owners want to invest in high-risk technological ventures reflects basic social and cultural differences, demonstrated most clearly in the tax system. A private individual in the U.K. considering an investment in NTBF has to look at it on the basis that if it fails he will lose all his money, and if it is really successful the marginal tax rate on the dividends he receives may be 98 per cent. A scientist may feel that the potential after-tax rewards are too low to justify risking his personal assets, his career and his pension. Capital transfer tax and the tax rules which take the value out of stock options are further disincentives. Paradoxically the British Corporation Tax system, because of capital allowances, greatly benefits the NTBF's cash flow, while personal taxation discourages an individual from setting it up. The situation in Germany is the reverse: personal tax rates are much lower (as the table shows), but the company tax system has a damaging effect on cash flow. The authors urge both Governments to consider the American "Subchapter S" corporation, introduced in 1958, whereby small companies in certain circumstances can be taxed as partnerships. Another device to encourage the flow of private

capital into new businesses is Section 1344 of the Internal Revenue Code, enabling an investor in a "small business corporation" who makes a loss on his shareholding to deduct that loss from his personal income before tax is assessed. In Germany as well as the U.K. social attitudes are not favourable to the scientist-entrepreneur who sets out on his own. Whereas in the U.S. the prestige of those scientists who have become millionaires several times over encourages others to follow their example, in the U.K. there is a psychological barrier to be overcome. Scientists in Government laboratories feel it is not the "done thing" to "run off" and exploit their own invention. In Germany the status of degrees in engineering and of skills such as production management is higher than in the U.K., but there appears to be a similar bias against the scientist-entrepreneur. There is a feeling that the Government's R and D policy favours big corporations and that the big corporations try to keep small competitors in their place, as sub-contractors rather than innovators in their own right. Most of the entrepreneurs interviewed in both countries saw themselves as fighting a per-

sonal battle against "big business", government disinvestment, a disapproving investor in a "small business society." The surprising thing is that despite all these handicaps some have managed to succeed. Mr. Tony Davies of Membrain, "spun off" from Plessey in 1970 at the age of 26 and now a major supplier of automatic testing equipment to the electronics industry, is a textbook example described in the report; in this case equity and loan finance was obtained from Hill Samuel and European Enterprises Development. The talent is there and so is the financial backing, but the environment is against them. Social attitudes are hard to change, but governments can help by giving small ventures a more central place in their economic and industrial policies. In the U.K., taxation, above all, is crucial. As the authors conclude, "a tax system which motivates inventors, entrepreneurs and investors will mobilise much more technological entrepreneurship than any programme of direct government assistance."

Accounting for inflation

Sir—Since the Sandilands Report, accountants in Continental Europe have been closely following the British accountancy profession's efforts to produce a generally acceptable inflation accounting system. Mr. Lafferty's article (October 13) and prior reports have provided a valuable insight into the theoretical and implementation problems that are being faced in the U.K. and others when their turn comes. Everyone agrees that in inflationary environments, historical financial statements lose much of their meaning and, therefore, do not accomplish their intended purpose. But what is the intended purpose of financial statements? Is it to provide a record of transactions that have actually taken place, or are they to be a "rational basis" for the time being, however, I believe that the latter is a more realistic aim. It is general agreement that financial statements should be relevant, understandable, verifiable, neutral, timely, comparable and complete. Any significant accounting adjustment (such as current cost accounting) must keep in mind this fragile combination of alternative objectives. Perhaps the best way to ensure that the financial accounting solution does not compromise any of these objectives is as Mr. Lafferty suggests to keep the financial statements as simple as possible. Income measurement and matching cash available for reinvestment is a problem. Current costs are not based on the current operating earnings tend to be overstated. This, of course, gives rise to excessive taxes, unrealistic dividend policies and the other factors which distort business decisions. (Last in, first out) to calculate cost of sales matches current revenues with current costs that are understandable, reliable, neutral, etc. Is it necessary to invent a completely new system which has been operating successfully (in the U.K. for about 40 years) for the other major element of it that has to be re-examined inflationary times is depreciation. As has already been stated by a number of writers, a LIFO type approach based upon specially created permanent indices would provide a timely, neutral, verifiable, "current" cost of depreciation. It stands to reason that any method that is neutral and verifiable is more likely to be accepted by taxation authorities in subjective methods where a wider latitude can be exercised by management. Herein lies the key as only through reduced taxation will additional cash flow be available to the business. All other inflation adjustments would not directly contribute any of these badly needed funds. Philips in Holland has, I believe, been using a similar approach to LIFO for a number of years to report the results of its operations. Stocks and fixed assets are carried in the balance sheet at replacement cost with excess over book value added to replacement surplus. I hope that "accountants" will work towards a practicable

Letters to the Editor

solution—that will more fairly reflect an increasing cash flow without being unduly complicated. Philip A. Peters, Whitney Murray Ernst and Ernst, Square Frere Urban 7, Bte 5, B-1049 Brussels.

Circumspect utterances
From Mr. M. Montague.
Sir—The "course" of my responsibilities I each day read eight overseas newspapers. In each of these papers there has recently been quoted, with a dramatic headline, a statement by the Earl of Cromer that, under certain circumstances, he is likely to "go" (i.e. resign) from the Government. This statement has been re-introduced into the United Kingdom. For an ex-Governor of the Bank of America and British Ambassador to the United States of America to make such a statement is not only extremely damaging to this nation's interests, and he must well know, hardly helpful to sterling. It is not surprising that foreigners are becoming alarmed if persons regarded as of distinction make such observations. I suggest that this is a period of time when all those whose public utterances might gain attention act in a more circumspect manner in order to protect the national interest. Michael M. Montague, 10, Chiswick Road, Chiswick, W4.

The Portuguese economy
From Professor R. Eckhaus.
Sir—Paul Ellman writes (October 3) from Lisbon and refers to a report by a "syndicate of economists" on the Portuguese economy. As the organiser of the research effort commissioned by the Bank of Portugal, which led to this report, I believe it is important to correct some of the attributions in Mr. Ellman's article and to contribute to a more constructive line to the discussion of economic prospects for Portugal. The report in question does not recommend, or even consider, a 30 per cent cut in real wages. Nor does the report anywhere suggest in any form that the consequences of such a reduction in real wages would be to stem inflation as compared with maintaining the present level of real wages with resulting "galloping inflation." Although this version of the report also appeared in the Portuguese newspaper, O Tempo, it does not appear in any part of the report. The report does say that Portugal faces serious short run difficulties and that austere measures will be necessary to overcome them. It also says that if these immediate problems can be overcome, it should be possible for Portugal to resume steady growth within a relatively short time. The report does not itself make any recommendations but rather describes the implications of alternative economic policies. The new policy package which is worked out in most detail provides for the reduction of both the external and domestic components of the package involve: (1) increased exports in response to the adjustment of the foreign and domestic price relations; and additional export incentives; (2) increases in investment to improve productivity,

increase capacity and provide necessary capital; (3) increased taxes and reduced subsidies and transfers to reduce the government deficit; (4) an income policy which would maintain average wage settlements in line with cost of living increases while permitting relatively low wages to rise faster than those which have grown more rapidly in the past. The overall purpose of these policies is to help attain the economy's potential output and to shift the composition of demand in a direction more favourable to external balance and investment. Given the level of unemployment which now exists and the low level of exports relative to Portugal's historical performance it is expected that the recovery can be achieved without sacrificing consumption, which is projected to rise with such policies by 3.2 per cent in 1977. It was also projected that the policies would lead to a 3 per cent decline in real wages in the first quarter after they were implemented. Yet by the second quarter there could be an increase in real wages of 3.6 per cent. While the report was written by five advanced graduate students in the MIT Department of Economics they in no sense represent a "syndicate" of the Department. It was an independent report which had some input from several of the MIT Economics Department faculty also working independently. These faculty members have had recent experience in the analysis of Portuguese economic problems and concur with the analysis contained in the report. Richard S. Eckhaus, Department of Economics, Massachusetts Institute of Technology, Cambridge, Mass. 02139.

Burmah's BP shares
From Mr. R. Collins.
Sir—I read that the Burmah Oil Company is to take legal action against the Bank of England with regard to Burmah's holding of BP shares taken over by the Bank early in 1975. Since, presumably, it was never the intention of the Bank to make a profit from this transaction, surely the obvious and most equitable solution, irrespective of the legal niceties, would be for the shares to be sold back to Burmah at the price paid for them. This would greatly assist what one assumes to have been the object of the exercise, namely to save Burmah from disaster, and would obviate any unworthy suspicions of sharp practice on the part of the Bank, which should be above reproach and seen to be so. If Burmah continues legal action the only certain result will be a bonanza for the lawyers and a loss for the Bank which is better avoided. An incidental advantage of the course suggested would be the reduction of the combined Government Bank holding of BP shares to under 50 per cent, thereby removing any fear that BP has, in effect, been nationalised—a status which does not appeal to many potential investors and is less than helpful to the company itself. R. G. M. Collins, West Ashling, Chichester.

Economics of oil
From Dr. W. Marks.
Sir—Lionel Bloch (October 14) is to be commended for pointing out the indifference of the Commons debate on economics to the effect of the projected price rise of oil. It is a sad reflection on those we elect to represent us. However, to suggest that the Organisation of Petroleum Exporting Countries price rises are the cause of our economic malaise, and that our recourse should be that of confrontation by a united industrial front reduces our action from "non-policy" to "discredit." OPEC in no way owes us cheap fuel especially when they are paid in inflation riddled currency. Are they not justified in balancing the loss of purchasing power of currency earned by price rises? Moreover, they make their huge petrodollar earnings available to us. Our malaise stems principally from the way in which we use this to live beyond our means (Two-Tier Currency October 12). The potential wealth of the

Middle East oil resource is about equal to the total wealth created by the U.S. over the past century. The world is yet to realise this, and the only sane policy is the North-South dialogue of co-operation so wisely advocated by France rather than confrontation in which both sides must lose. Wilton Marks, 2, Cleere Cloud Lane, Presbury, Cheltenham.

Experienced dictating
From the President, Executive Secretaries Association.
Sir—I was delighted to read the article "A wasteful lack of skill" by Mr. B. W. Canning (October 11). Transcription speeds are often not even thought about and some typists themselves do not know their own transcription speed. Short-hand and typing speeds are very often the only criteria on which an employer will base his assessment of a secretary's capabilities. Another side to the amount of wasted effort in producing ungrammatical and illegible transcripts is, of course, the inexperience of the dictator of the script. I believe this is an art which has to be learned just as much as the art of producing a usable transcript. Shirley Vick, 45, Milford Close, Abbey Wood, S.E.2.

Nationalisation of insurance
From Mr. L. Mansfield.
Sir—The purpose of nationalisation of seven major companies appears to be the assumption of state control over the substantial funds of those companies. The attainment of that purpose, however, seems to require some closer consideration. Insurance companies invest the funds under their control in assets which match their liabilities. This means that a high proportion of assets are invested in fixed interest securities. In so far as these are British Government Securities, the state already has the use of the money if not the control. Local authority loans presumably would not be disturbed. The remaining assets are in debentures, mortgages and loans, property and ordinary shares. The scope for rearrangement of these investments is surely small as any attempt to disinvest on a substantial scale would cause chaos if it could be achieved at all. Thus there is left only the growth in the funds to take control of and certainly this represents a considerable sum probably over £20m. for all insurance companies in 1975 of which as much as 70 per cent went into British Government securities, so the purpose of nationalisation is already largely achieved. Admittedly investment policy can change and investment in British Government securities be reduced but there is a further risk. The threat of nationalisation could cause a diminution of new business for the companies to be nationalised and there could also be some withdrawal of existing business. The overall effect could be a negative availability of funds for a lengthy period. L. W. Mansfield, 4, Bishop Terrace, Kilmessock, Kinross-shire.

To-day's Events

Prime Minister and Cabinet meet Labour Party National Executive Committee to discuss Government's legislative programme for new Parliamentary session.
EEC Foreign Ministers and two-day meeting, Luxembourg.
EEC Energy Ministers meet, Luxembourg.
Keldanren (Federation of Japanese Economic Organisations) delegation meets Prime Minister.
Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Edmund Dell, Trade Secretary, visit Mrs. Barbara Castle MP speaks (in Wales) North by-election campaign, Beechdale Estate Tenants' Hall.
Mr. David Ennals, Social Services Secretary, visits Association of Rail, Witnesses: British Railways Board, Direct Elections to European Assembly.
House of Lords: Dock Work Regulation Bill, committee. Sexual Offences (Scotland) Bill, third reading. Industrial Common Ownership Bill, report stage.
COMPANY RESULTS
William Baird (half-year). Furness Withy and Co. (half-year). Hawker Siddeley Group (half-year). UDS Group (half-year).
COMPANY MEETINGS
Abwood Machine Tools, Dartford, 10.30. Capital and National Trust, Bucklebury House, E.C., 11.15. Geover Tin Mines, Penzance, 12.15. Midland Educational, Birmingham, 12. Town and City Properties, Winchester House, Committee—A1. Subject: British E.C., 10.30.

Do you like money, sheepdogs, Rolls Royce, Whitbread, salmon, castles?

Then you may enter our quiz about the County of Gwent. The prize goes to those who know the least.

- Where did Mr. Rolls of Rolls Royce live? (Crews is not the answer)
- Where is the best salmon fishing for London?
- Where in Great Britain is the most modern steel works, aluminium plant, fibreglass factory and brewery?
- Where is the nearest "assisted area" to both the Midlands and the South East of England?
- Which castle was the home of the Norman Conqueror of Ireland?
- How long does it take to reach the Severn Bridge from London/Birmingham? (without breaking the speed limit)
- What is the first county West of the Severn Bridge?
- When re-locating a business, where would you find the greatest variety of sites available?
- We take if you like swift decisions and no labour problem. So what else could you have in common with Henry V?

If you score three or more "don't knows" you've won. For your prize (a booklet on Industrial Information) phone or contact Gordon Probert or Ian Rooks, County Hall, Cwmbran, Gwent. Telephone Cwmbran 67711 Ext. 573.

Gwent
The first County in Wales

COMPANY NEWS + COMMENT

Mothercare 41% ahead at midway

ON A 29 per cent sales increase from £27.7m to £35.7m, pre-tax profit of Mothercare, the Watford-based maternity and baby wear retailers, improved by 41 per cent from £3.6m to £5.1m in the 26 weeks to September 25, 1976.

U.K. sales rose by 29 per cent to £32.2m, and overseas by 31 per cent to £3.5m. Exports increased from £2.2m to £3.8m.

The results of Mothercare Stores Incorporated in the U.S. have not been consolidated as the acquisition was completed only on July 15. The U.S. subsidiary operates 115 stores.

During the six months new stores were opened in Dundee, Fareham, Macclesfield and Swansea, bringing the total in the U.K. to 164. In West Germany, stores in Dortmund and Krefeld were closed, reducing the number in Continental Europe to 12.

The net interim dividend is lifted from 1.65p to 1.82p, 10p share costing £58.453 (£53.171). Last year's dividend total was 4.76p paid from record pre-tax profits of £8.32m.

	1976	1975
First half		
U.K.	35.7	27.7
Overseas	3.5	2.2
Profit before tax	5.1	3.6
U.K.	4.7	3.2
Overseas	0.4	0.4
Tax	0.8	0.7
Net profit	4.3	2.9
Dividends	1.8	1.7

Excluding VAT.

Statement Page 27

Provincial Laundries downturn

On turnover, excluding VAT of £415.884 against £411.907 first half 1976 profits of Provincial Laundries fell from £53.532 to £17.956 subject to tax of £9.337 compared with £17.343.

The interim dividend is held at 0.18p net per 5p share. Last year's total was 0.3245p. After a second half loss pre-tax profits came to £31.404.

Further negotiations are in progress for disposal of the balance of properties on the Halifax estate for completion in the second half.

The Board states that the closure of production at the Harrogate laundry in early October, 1973, necessitated the loss of domestic work, but since then turnover is increasing at an encouraging rate considering the general climate and there is no reason to suppose that this trend will not continue into the second half.

C. M. INDUSTRIES—I.D.I.

Messrs. S. & W. BERISFORD LTD. have had an option on 25% of the equity of APTUNION/G.A.C.I., the largest French Manufacturers of Glace Fruits.

This option has now expired and Messrs. Berisford have decided not to proceed with the matter any further.

Consequently C. M. INDUSTRIES and I.D.I. remain the sole shareholders in the GROUP APTUNION/G.A.C.I., which, together with its Subsidiaries, has returned to a rapid rate of expansion.

HIGHLIGHTS

Mothercare (covered in Lex) has had a very strong first-half, thanks mainly to the new range of products catering for the five to 10 year old children. Elsewhere the problems in the employment agency sector are plain to see in the half-time results from Alfred Marks and Reed Executive. Losses at Marks totalled £143,000, while at Reed there was only a small profit but in both cases the outlook is far from certain. Profits at Richardson Westgarth are some 12 per cent lower after six months but there are better hopes for the second half while at Weeks better margins following cutbacks in the work force, together with lower borrowings, have left first-half profits nearly 50 per cent higher.

First half upsurge by Weeks

REFLECTING higher operating efficiencies, a significant improvement at the Norwich based subsidiary, and substantial export orders for agricultural equipment, pre-tax profits of Weeks Associates jumped from £157,377 to £232,330 for the six months to July 31, 1976.

The directors say that the second half has started well and prospects for the full year look encouraging. Profits for 1975-76 were a record £240,343.

The interim dividend is held at 0.402p net per 10p share. Last year's final was 0.653p.

The group manufactures and sells agricultural and commercial industrial trailers, axles and suspension equipment, etc.

There are two main features behind Weeks' 47 per cent jump in interim pre-tax profits. First, profit margins have benefited from a cutback in the workforce at Hunton, the commercial vehicle component subsidiary, and second, interest charges are lower now that the capital expenditure programme, which was funded by borrowings, is completed. Borrowing are down by £200,000 since last January to £1m, though this is still large against shareholders' funds (excluding goodwill) of about £1.05m. Sales

have been reasonable, with the bulk of U.K. buying of agricultural equipment coming before the full effects of the drought were realised, while exports to developing countries have started to move ahead. For the second half the picture looks encouraging, with good demand for potato grading equipment and orders at Hunton building up as the commercial vehicle sector starts to recover. However, interest rates are moving against the group and, overall, pre-tax profits for the year are unlikely to be much higher than £240,000. Still, on a full tax charge a p/s of 3.3 at 15p along with a maximum yield of 12.2 per cent, does not look demanding.

Highlight asks for Receiver

The leisure wear group, Highlight Sports, has asked its bankers to appoint Receivers and Managers to the parent company and all its subsidiaries. The news followed suspension of Highlight's share price on the Stock Exchange yesterday at 4p where the group is capitalised at £212,000.

In its last financial year the group incurred a pre-tax loss of £80,000 on a turnover of £16.9m, followed by an interim loss of £198,000.

A statement from the company yesterday says that the impact of late deliveries of merchandise from suppliers and a declining market have given rise to high stocks resulting in a cash shortfall which cannot be supported by the group's bankers, Barclays.

In an interim statement, the directors of FC Finance say that at this stage in the second half they see no reason to alter the belief expressed in the annual statement that the level of earnings achieved in 1975 can be maintained in the current year.

As known, first-half pre-tax profits increased from £224,000 to £235,000. Profits for all 1975 came to £241,000 and stated earnings per 25p share were 2.7p. Earlier this month the directors

said that due to economic uncertainties the payment of dividends would be deferred until year-end results were known. Last year's single payment was 1.5p net.

Steel Bros. tops £1.4m. at midway

ON TURNOVER some £10.25m, higher at £8.91m, pre-tax profits of international traders and manufacturers Steel Brothers Holdings expanded from £1.0m to £1.41m. In the first half of 1976 and the directors expect a similar improvement in the second half. Profits for all 1975 came to £2.77m.

The interim dividend is lifted from 3.38p to 3.72p net per 50p share costing £119,896 (£108,513). Last year's final payment was 4.76p.

	1976	1975
First half		
U.K.	8.9	10.3
Overseas	1.0	0.9
Profit before tax	1.4	1.0
U.K.	1.2	0.8
Overseas	0.2	0.2
Tax	0.1	0.1
Net profit	1.1	0.9
Dividends	3.7	4.8

The chairman, Mr. S. H. Gaunt says the figures more than confirm the expectation of a considerable improvement in 1976 profits. The group has done better than expected partly because some 80 per cent of net assets, and almost all earnings are in currencies which have improved in terms of sterling and partly because the business has expanded in the Middle East more rapidly than expected.

Provision has been made in the figures for unrealised Euro-dollar exchange losses of £81,000 and for a further writing down by £230,000 of Spire Homes' stock of land, the latter mainly the interest cost of carrying land during the period.

Despite the apparent diversity of the interests of Steel Bros., a pattern has emerged in recent results. The Food interests have been moving ahead while the property and construction interests have stagnated or been a drag on profits, regardless of national boundaries. Middle Eastern food trading and European rice milling have both performed well while difficult conditions in construction and property have extended to the Netherlands and Canada as well as the U.K. However, the strength of the Middle East food interests has been so great that, combined with the full in the pound, they have taken pre-tax profits 38 per cent higher. On the construction side, profits in Canada have been steady in dollar terms and in the Netherlands losses have been halved but the provision against the U.K. land bank is higher and the rise in mortgage rates does not augur well. Attributable earnings have almost doubled because of a lower tax charge, partly due to some earnings from the U.K. which bore no tax. At 17p, the share yielded a prospective 7.9 per cent.

Following a professional revaluation of the group's completed investment properties at April 30, properties being developed and land held for future development are retained at cost, less a provision of £1m, made by the directors after advice from the valuers. The amount of £2.2m, being the net surplus on revaluation, after deducting £270,000 attributable to the minority interest and the provision, has been added to capital reserves.

The year's net surplus—equal to earnings per 25p share of 1.44p (£2.31p)—is arrived at as follows (£'000): net income £211 (£235), realised capital profits £56 (£401), less net outgoings attributable to development properties of £221 (£394), plus a transfer from capital reserves of £163 (£7 to those reserves).

	1976	1975
First half		
U.K.	1.0	0.9
Overseas	0.4	0.3
Profit before tax	1.4	1.0
U.K.	1.2	0.8
Overseas	0.2	0.2
Tax	0.1	0.1
Net profit	1.1	0.9
Dividends	3.7	4.8

The interim dividend is unchanged at 0.78p net—the total for 1975 was 3.13p paid from profit of £165,826.

Mr. J. C. McKell, chairman, reports that sales continue to fluctuate from month to month but the current trend is upward and he anticipates that the full year's trading profit should not be unsatisfactory.

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Mr. A. D. McN. Boyd, chairman of the Richardson Westgarth group.

DIVIDENDS ANNOUNCED

	Current payment	Date	Corr. of sp. div.	Total for year	Total last year
Allied Plant	0.3	Jan. 4	0.28*	0.63	0.63
Estates Property Inv.	0.36	Jan. 4	1.45	1.44	2.33
Lowland Drapery	0.78	Dec. 10	0.78	2.15	2.15
Alfred Marks Bureau	0.1	Jan. 4	1.45	1.45	1.45
Mothercare	1.82	Jan. 4	1.66	4.76	4.76
Myddleton Hotels	2.76	Nov. 30	2.11	4.23	2.62
Provincial Laundries	0.16	Nov. 30	0.16	0.52	0.52
Reed Executive	1	Jan. 4	2.92	4.43	4.43
Richardson Westgarth	10.3	Jan. 4	10.3	2.80	2.80
Steel Bros. Hldgs.	3.72	Jan. 1	3.38	8.14	8.14
W. A. Tyack	1.35	—	1.23	1.73	1.73
Weeks Associates	0.4	—	0.4	1.06	1.06

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

EPIC earnings reduced —dividend cut to 1.44p

MAINLY REFLECTING heavier interest of £216,000 against £27,000 attributable to the Belgian development, distributable net profits of Estates Property Investment Company showed a reduction from £338,000 to £311,000 in the year ended April 30, 1976, and the dividend is being cut from 2.33p to 1.44p, with a final of 0.56p net.

As regards the Brussels project the directors announce that satisfactory terms have now been arranged for the sale of the greater part of it, subject to a major pre-letting in respect of which negotiations are well advanced. If the sale is completed they are confident that former profit and dividend levels will be at least restored.

Following a professional revaluation of the group's completed investment properties at April 30, properties being developed and land held for future development are retained at cost, less a provision of £1m, made by the directors after advice from the valuers. The amount of £2.2m, being the net surplus on revaluation, after deducting £270,000 attributable to the minority interest and the provision, has been added to capital reserves.

The year's net surplus—equal to earnings per 25p share of 1.44p (£2.31p)—is arrived at as follows (£'000): net income £211 (£235), realised capital profits £56 (£401), less net outgoings attributable to development properties of £221 (£394), plus a transfer from capital reserves of £163 (£7 to those reserves).

	1976	1975
First half		
U.K.	1.0	0.9
Overseas	0.4	0.3
Profit before tax	1.4	1.0
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The Financial Times Tuesday October 20 1976

Maintained profit for Richardsons Westgarth

POOR RESULTS from the engineering subsidiaries and from the shiprepairing offshoot have combined to clip profits of Richardsons Westgarth and Co. from £745,000 to £558,000 in the half year ended June 30, 1976, but for the full year the directors expect the figure to be similar to the annual equivalent of the £1.35m achieved in the previous nine months, which implies a total of around £1.3m.

This expectation assumes that the company's marine engineering and shiprepairing subsidiaries are not nationalised until the early months of 1977. The Bill is currently before the House of Lords.

The directors explain that the first half profit has been affected by poor results of subsidiaries engaged in the manufacture of engineering products, stemming from inadequate order intake and the effects of inflation on work in hand.

Subsidiaries providing engineering services in general improved their trading returns, except the shiprepairing offshoot, the Humber Graving Dock and Engineering Co., which was adversely affected by the general lack of shiprepairing work. The combined results of the holding and engineering subsidiaries were much improved.

After tax and minorities, the balance attributable for the half year emerges at £307,000, compared with £337,000, giving earnings per 50p share down from 1.24p to 1.19p. The interim dividend is unchanged at 1.05p net—the total for the previous nine months was 2.8p.

	1976	1975
First half		
U.K.	3.5	3.2
Overseas	0.4	0.4
Profit before tax	4.3	3.6
Taxation	0.8	0.7
Net profit	3.5	2.9
Dividends	2.8	2.8

Richardsons Westgarth's forecast of a substantially better second-half year to January 31, 1976, to profits would entirely reverse the pattern at half-time, which shows pre-tax profit down 12 per cent on turnover up by nearly the same amount. The burden of improvement must lie on the manufacturing side which, in the first half, has been hit by downturn in order and higher costs. The company believes orders have simply been delayed and will show through in the second half. Further improvement, too, is expected from the steel stockholding division, already recovering from its 75 nadir, but it is difficult to judge how badly the impetus may be hit by the new level of interest rates. Future prospects depend on right issue on the basis of one share for four at 115p has been accepted, which as 7.5 per cent of the issue could dramatically alter earnings patterns. In the meantime, if the company hits its forecast, the p/s will be taken up by the under of 4.6 at 52p represents caution, writers.

comment

George Sturla and Sam... the report and accounts for the year to January 31, 1976, to be published on November 12 at the annual general meeting to be held on December 6.

ISSUES NEWS

RIGHTS RESULTS
Armstrong Equipment's right issue to raise £2.2m on the basis of one-for-one at 10p has been taken up by 48.8 per cent of shareholders, who did not take up their shares.

Black and Edgington's right issue on the basis of one share for four at 115p has been accepted, which as 7.5 per cent of the issue could dramatically alter earnings patterns. In the meantime, if the company hits its forecast, the p/s will be taken up by the under of 4.6 at 52p represents caution, writers.

ASSAM-DOOARS HOLDINGS LTD.

ENCOURAGING PROSPECTS

The following are extracts from the circulated statement by Mr. N. C. LANCE, F.C.A., the Chairman:

Results
As foreshadowed in the interim report of last March the Group's pre-tax profit for 1975 has failed to achieve the level of the previous year's trading, amounting to £599,444 compared with £1,223,349 earned in 1974. The reasons for this, on the cost side, are the continued climb in the price of essential supplies, substantial increases in wages and salaries payable to estate employees, and a slightly lower total output over which to spread overheads. The final net profit works out at £317,467 compared with £311,507 last year and your board recommend that distribution on the ordinary share capital be made at 8.51662% the maximum permissible without seeking special Treasury consent.

Prospects
Prospects for 1976 appear generally encouraging. Crops to end August were 10% ahead of the 1975 equivalent and, while the Group's average sale price in India is marginally down owing to poor demand for the Assam gardens, October rain, 200 1976 London auctions for North East Indian gardens have opened at a satisfactory level. Although costs inevitably continue to rise there is some evidence that the rate of increase in the cost of some inputs is slowing down.

Having regard to the anticipated continued upturn in crops your board are also conscious of the need to plan for considerable capital expenditure programmes in the medium term to ensure that estate factories are properly equipped in power and processing machinery to cope with these increased crops.

Foreign Exchange Regulations
Shareholders will recall that, at this time last year, there was considerable doubt as to the precise manner in which the provisions of the Indian Foreign Exchange Regulation Act 1973 would affect the Group. Although certain aspects still require clarification the boards of the operating subsidiaries will of course fall in line with the Indian Government's requirements and currently everything that these companies will convert to a rupee register and the of the shareholding of the new rupee concerns will be held by Indian nationals. Detailed schemes will shortly be formulated with the object of achieving the changes by the close of the calendar year 1977 which is in accordance with the timetable submitted to the Indian authorities for their approval. The new Indian legislation will not affect the status of the holding company itself.

Private Placement

KUWAITI DINARS 3,000,000

NACIONAL FINANCIERA S.A.
Mexico

NOTES DUE 1980-82
J. HENRY SCHRODER & CO. S.A.L.

The State Investment Bank

(Devlet Yatirim Bankasi)

U.S. \$150,000,000

Medium-term loan

with the unconditional guarantee of

The Republic of Turkey

Managed by

Chase Manhattan Limited Chemical Bank Citicorp International Group
Manufacturers Hanover Limited Morgan Guaranty Trust Company of New York

Funds provided by

Chase Manhattan Limited Chemical Bank Citibank, N.A.
Manufacturers Hanover Trust Company Morgan Guaranty Trust Company of New York
Irving Trust Company
Allied Bank International (Guernsey) Limited American Security and Trust Company, N.A.
Mercantile Bank of Canada Provincial Bank of Canada
The Riggs National Bank of Washington, D.C. Toronto Dominion Bank Bank of Scotland
Banque Canadienne Nationale Banque Européenne de Tokyo S.A.
Banque Internationale à Luxembourg Girard Trust Bank New England Merchants National Bank
Saudi International Bank Union Méditerranéenne de Banques
Al-Bank Al-Saudi Al-Alami Limited

Financing initiated by

Citicorp International Group Morgan Guaranty Trust Company of New York, Agent

This announcement appears as a matter of record only.

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DIVIDEND
RESULTS (unaud)

MINING NEWS

'Johnnies' cash needs should ease

BY KENNETH MARSTON, MINING EDITOR

NOT ONLY did South Africa's by a net asset value of R46.22 (R33.80) were 213 yesterday.

The annual report points out that the substantial increase in long-term borrowings over the past three years has stemmed from the heavy financial demands of the developing OJibah copper and platinum mines together with the new ferro-chrome facility of Consolidated Metallurgical Industries.

However, the two new mines are now producing revenue and their calls for further funds on the parent are expected to diminish. "Johnnies" reckon the call for additional funds from CMI should also be limited. So it is not envisaged that the group's current level of long-term borrowings will be materially increased.

Gems and gold

During the past year diamonds provided 20.9 per cent of the group's investment income and the contribution can be expected to increase in the current year. Gold, which accounted for 20.6 per cent last time, is clearly going to provide less and, not surprisingly, "Johnnies" attempt no forecast of the outlook for the metal.

Income from platinum is derived from the recently increased holding of 28 per cent in Rustenburg Platinum which is maintaining an increased selling price for the metal of \$180 per ounce whereas the rival Impala's remains at \$170. The "Johnnies" report comments that while the free market price of platinum has recently been volatile, metal demand remains robust and Rustenburg has not found it necessary to change its price.

Of antimony, it is considered that barring another economic downturn concentrate prices are expected to continue rising for the foreseeable future. A bull point for the group's Consolidated Murchison. It is thought that it will be some time before increased demand for antimony enables higher prices to be sustained for that metal while no early rise is anticipated in the price of nickel. Earnings of "Johnnies" in the year ended last June eased to R26.2m. (£18.4m.), or 368 cents per share. The dividend total, however, was raised to 170 cents (118p) from 165 cents in the year's prospects appear to depend on how well the other income sources can offset the likely fall in revenue from gold. Perhaps some guidelines may be forthcoming from the chairman, Sir Albert Robinson at the Johannesburg meeting on November 8. The shares, backed

Teck makes new nickel find

A SIGNIFICANT new nickel-copper deposit has been found in Ontario by Geophysical Engineering, a subsidiary of the Canadian mining and finance group, Teck Corporation. The find is in the Timmins area, some 20 miles from the big Kidd Creek base metals operation run by Teck.

The discovery is on a property owned in equal shares by Teck, a subsidiary of West Germany's Metallgesellschaft and a Japanese consortium called Domik Exploration which includes Dow Mining.

The anomaly was found during an aerial survey last spring. Since then three diamond drill holes have been put down and Teck is considering the employment of a second drill. The limits of the deposit have not yet been established.

In the first hole a core section as long as 108.7 feet assayed 1.35 per cent nickel and 0.49 per cent copper. A section of 138.7 feet in the second hole assayed 0.77 per cent nickel and 0.59 per cent copper, while in the third hole of 54.6 feet core showed 1.68 per cent nickel and 0.65 per cent copper.

Teck and its partners are still staking in the area, and so far they have about 300 acres of week staking interest in the area. The company's office at Timmins said several hundred acres have been staked. Access to the area is by road and helicopter is the favoured means of transport.

ROUND-UP

The largest mining group in the Philippines, Atlas Consolidated Mining and Development (ACMD), is planning the development of its open-cast copper mine on Cebu Island. The mine includes the re-financing of a \$30m loan arranged last year. Repayment will be over seven years. Nine financial institutions led by Bank of America and Wardsley of Hong Kong are taking part in the loan.

A subsidiary of the U.S. Westinghouse Electric group, Wyoming International Corporation, is teaming up with Anglo-American and Delhi International Oil (the latter named is registered in the U.S. but has extensive Australian interests) for a uranium prospecting venture near Wiluna.

Western Australia. The property

21 square miles was originally pegged by Yam and Delhi in 1968. The venture will be managed by Wyoming.

CMI CHANGES ITS INVESTMENT MIX

A shift in the investment strategy of Commonwealth Mining Investments (Australia), part of the Gold Fields group, is revealed in the annual report. In the year to the end of last June the industrial component of the company's share portfolio was sharply increased to 31.9 per cent from 14.8 per cent in the preceding year.

The energy mix in the portfolio was changed. Oil, gas and coal stocks assumed a lesser importance, but uranium shares increased from 1.6 per cent to 6.7 per cent, through the buying of greater stakes in Ocean Resources and Pancontinental Mining. But one CMI's most fortunate moves was to buy shares in the ill-fated Posidon nickel group.

The report shows that nickel investment was \$14.23m. (£10.62m.) at the end of last June, compared with \$9.23m. a year before. CMI has declared dividends for 1977-78 of 17 cents (11.75p) a share.

AFRIKANDER LEASE OFFER TERMS

In the continuing saga of the proposed rights issue to be made by Afrikaner Lease, it is now announced that 1.53m. shares of 2 cents will be offered at a price of 210 cents (147p) in the proportion of 30 for every 100 held at October 22.

As previously announced, the R32m. (£23.3m.) issue will open on October 29 and close on November 19. Before that it was pointed out that the new funds will be used for a study of the company's uranium ore and to repay loans from Anglo-American.

The next announcement, which is due on October 28, will contain the technical advice relating to the feasibility study together with full details of the share offer. The existing shares of this would-be uranium producer were nominally quoted at around 175p yesterday.

BIDS AND DEALS

£4m. offer for Midland Cattle

Thomas Borthwick and Sons, international meat traders, has made its first inroads into the net proceeds of its £10m. August offer for sale by making an agreed £4m. cash bid for Midland Cattle Products, manufacturers of animal by-products. The terms are 12.5p a share which compares with a market price of 10.5p, up 11p on speculative buying yesterday, ahead of the news.

Although Borthwick is a large processor of animal by-products in Australia and New Zealand it has only small such interests in the U.K. Midland Cattle's profits, which amounted to £704,000 at the pre-tax level in 1977-78, will also ease Borthwick's ACT liabilities.

The directors of Midland Cattle, holding approximately 7.6 per cent of the equity, have accepted the terms and recommended them to shareholders. Borthwick itself holds no shares in Midland but has recently increased its stake to 18.5 per cent, it is Croda International.

Last night Mr. Freddie Wood, chairman of Croda, thought it highly probable that his Board, which met on Wednesday, would accept the offer.

HAMPSON TO BID FOR VILLIERS ENGINE ASSETS

Hampson Industries, the West Bromwich-based engineering group, made it known yesterday that it was negotiating for the purchase of the industrial engineering assets of Villiers, the motor-cycle group which collapsed a year ago.

This follows the announcement yesterday that through a consortium of Villiers, two West Midlands businessmen, Mr. David Sankey and Mr. Mark Scutt hoped to make an offer to the liquidator this week.

Mr. Scutt, chairman of Hampton Industrial Engines, said it hoped to conclude talks in the next few days. The offer could get Government backing to the tune of £200,000.

Mr. Hampson Silk, chairman of Hampson Industries, said yesterday that the group had plenty of cash resources available for the purchase of the assets which would be at being worth roughly £300,000.

Hampson Industries, recently reported group profits down from £447,451 to £401,945 for the year ended November 1977, but is looking for a better result in the current year.

CO-OP BANK SELLS STAKE IN AFF

The Co-operative Bank is to sell its 30 per cent stake in the hire purchase and leasing company, Agricultural Finance Federation, at an agreed but undisclosed price to the 30 agricultural co-operatives which hold the remainder of the equity.

The move follows failure by shareholders to agree to the suggested purchase of the company's hire purchase subsidiary of the Co-op Bank, F.C. Finance. AFF, which provides member societies and farmers with hire purchase and leasing facilities for agricultural equipment, buildings and materials, has capital and reserves of £170,000.

ALLIED LONDON PROPERTIES

Allied London Properties has exchanged contracts for the sale to an institution of the Houslow Centre for £7.1m. cash. This is the first stage of the Houslow development, the major project in the group's portfolio.

As a result of the sale, arrangements have been concluded to reduce substantially current bank borrowings and to reinvest the balance with the purchase of deposit and existing bank facilities retained.

Additional land owned by the company is available at the Houslow Centre for future development.

NO PROBLEM

The proposed merger between Wormald International and Mather and Platt will not be referred to the Monopolies and Mergers Commission.

OLIVER PELL

Thorn Electrical Industries has offered the offers for the Ordinary and Preference Shares of Oliver Pell Control have been received in full.

Winding-up orders

Orders for the compulsory winding up of 53 companies were made by Mr. Justice Slade in the High Court yesterday. They were: Mike Hayes Engineering; Minners Finance Company; Base Engineering; Rainbow Food; Glenfold Press; Rhaps, Viceroy; Kyther Transport; Orangeview; Breyer, R and M Motors; Houslow; Priorityair; Cliff Williams (Europe); Ardicht; Cranval; Vocchechio; Zodiac Takeaways; Foods; Dershoune; Galloway Bros; Groundwork and Haulage; Pre-building Construction Engineering; Clufford R. Powell; S. M. Easton; K. Wasserman (Metals and Chemicals); H and K Scaffold; J. R. Josey; Spenned; and J. O'Sullivan, Best Homes.

RESULTS AND ACCOUNTS IN BRIEF

CAMPARI (Leisure group)—Results for year to 31.12.1977 reported June 30, 1978. Profit attributable £12.71 (£1.96) after tax credit £1.94 (£1.70). Total dividend £2.12 (£1.21). Chairman says turnover for first four months of current year has been very good. Electric, Aberdeen, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 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2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 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3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310,

INTERNATIONAL FINANCIAL AND COMPANY NEWS

India buys 100% of Caltex

NEW DELHI, Oct. 18. THE INDIAN Government has announced it will acquire 100 per cent. ownership of Caltex Oil Refining-India and its sister marketing company.

A memorandum of understanding has been signed by both parties bringing almost the entire oil industry in India under Government control.

The oil firm which began negotiating with the Government in March will sign a final acquisition agreement in December. The 1976 profits for both the oil firm and the marketing concern will go to the Government, reports said.

The memorandum of understanding calls for the Government to pay Caltex Petroleum Corporation U.S.A.—a venture of Texaco Inc. and Standard Oil of California—about \$14.4m. in five instalments for the acquisition of the U.S. firm's refining and marketing assets and operations in India.

Overseas demand for U.S. steel offsets lull in home sales

PITTSBURGH, Oct. 18.

MONTHLY EXPORTS of steel mill products have been on the rise since January, with August exports totalling 280,000 tons, up sharply from January's total of only 150,000 tons, according to the American Iron and Steel Institute, a Washington-based trade group.

Except for July's exports of 315,000 tons—a 1976 high—the August figure was the highest since March, 1975. August's exports were 3.5 per cent. ahead of August, 1975.

"With domestic demand at a momentary lull, some of the slack appears to have been picked up by foreign demand," says Charles Stern, president of the American Institute for Imported Steel, another trade group.

"World business conditions are getting a little better," says Robert Welch, president of the Steel Service Center Institute in Cleveland.

"We're finally beginning to get a little stronger tone,"

reports an executive of a major U.S. producer. He explains that the world market for steel "is stirring a bit—or some companies in the U.S. industry are willing to go out and try to scare up that kind of business."

But, Welch warns that there won't be "a big difference" between this year's exports and 1975's total of almost 3m. tons.

Exports through the first eight months of 1976 stood at 1.9m. tons, 14 per cent. behind the tonnage shipped to foreign customers in the year-earlier period.

Exports in 1975 were about half those in 1974 when demand for steel was straining the limits of capacity.

U.S. steel imports during August remained little changed from July's 1.2m. tons, but were well ahead of the 748,000 tons imported in August, 1975.

Imports for the first eight months amounted to 8.8m. tons, up from 7.4m. tons a year earlier. Total year.

1975 imports were about 12m. tons.

Much of the recent export gain has involved flat-rolled steel products for which domestic demand has softened in recent months. These products include

some items on which U.S. producers recently withdrew price rises scheduled for October 1 averaging about 4.5 per cent.

Exports of cold-rolled sheet steel—a key material in the manufacture of such consumer items as autos and appliances—amounted to almost 113,000 tons during the first eight months of 1976—that was 144 per cent. higher than the year-earlier level.

The August cold-rolled export total of 26,000 tons was nearly six times that of August, 1975.

Cold-rolled exports of 54,000 tons in July alone exceeded the 48,000 tons exported in the first eight months of last year.

AP-DJ

After the collapse of Unidata, Siemens has emerged with a new computer division, a new top manager, and three new products to sell, reports Nicholas Colchester from Bonn.

Back in the game

A YEAR AND A quarter after the collapse of the European computer venture, Unidata, Siemens has emerged with a new computer division, headed by a new top manager with three important new products to sell. The company insists that it is now the technological equal of its competitors and that its immediate task is to win commercial recognition of this fact.

The man given the tough brief of putting Siemens into profit in a business in which it got off to a slow start and in which it has been twice disillusioned by abortive attempts at international co-operation is Dr. Anton Peisl, 46, the former chief sales officer in the company's telecommunications business. His overriding problem is to generate the computer sales that will reduce the ration of Siemens' computer R and D spending to turnover below the one-fifth at which it is standing at the moment.

In the company's last financial year, which ended on September 30, 1976, the businesses in the newly formed "Data and Information Systems Group" achieved a 9 per cent. increase in orders to DM1.25bn. and a 10 per cent. increase in turnover to DM1.15bn. Its ratio of rental income to direct sales remained unchanged at 50:50.

The company has 7 per cent. market share in the nine European countries in which it is selling computer equipment—in West Germany its share is 17 per cent. and in Belgium 15 per cent. Dr. Peisl expects to record another 10 per cent. increase in turnover in the year that has just started.

Without specifying figures he claims that last year brought a substantial reduction in the previous year's loss on computer business of DM180m. He says that break-even will require sales of above DM2bn.

Presenting these figures at a Press conference in Munich last week Dr. Peisl commented that the 50 per cent. of the orders received by the Siemens computer megabyte) version of the 7760 division now involve data-tele processing—that is, the thinking-hopes to sell or rent 30 of a central computer to a net-



Siemens' computer plant detail.

work of input and output terminals.

This shows the importance of Siemens' telecommunications expertise to its computer prospects. As examples Dr. Peisl cited: DM115m. contract from the Federal Railways to provide a computer system that will control all its freight movements, and a "letter of intent" for a computer booking system to link many of West Germany's travel agencies.

Dr. Peisl presented a new computer at the top end of Siemens' 7000 range of medium sized general purpose computers, the 7760, which is equivalent in power to the 1583 of IBM. The most obvious technical advance in this new model is the use of extremely compact 16,384-bit integrated memory chips in the core storage. These chips, which dramatically reduce the size and power consumption of the main memory, are the fruit of Siemens' deal with Intel of a U.S. Siemens has a "second source" agreement with Intel which will be manufacturing the 50 per cent. of the orders received by the Siemens computer megabyte) version of the 7760 division now involve data-tele processing—that is, the thinking-hopes to sell or rent 30 of a central computer to a net-

The second, important, fresh computer product from Siemens is a new laser-printer capable of printing computer output at 70,000 characters a second—in other words, the printer could cover an entire page of the shape of its page copiers, to develop a machine, but software remains an uncertainty. It might be better to develop the machine upwards, instead of downwards, as a result of the company's decision to supply printer manufacturers to supply this printer—though not to IBM.

which itself has a laser printer per year direct to Siemens' computer customers and of 200 a year to customers of computer manufacturers.

Siemens now has a full range of medium-sized general-purpose computers and the new terminals. The gap in the product range remains a very computer for business, a small computer, the IBM system, 32-type can be used as a satellite, printer in conjunction with larger central unit.

Dr. Peisl says that the range is to be extended up to provide still more computer power, but that Siemens not intend to develop a large computer at its Siemens has no intention of linking with Amdahl, even to meet this requirement. Instead, it is planning to develop a big Fujitsu computer M-190—complete with Siemens peripheral equipment.

In the small computer, the company says that it already has sufficient hardware, but the software remains a problem. But software remains an uncertainty. It might be better to develop the machine upwards, instead of downwards, as a result of the company's decision to supply printer manufacturers to supply this printer—though not to IBM.

Melita Knitwear to close down

BY GODFREY GRIMA

MALTA, October 18

MELITA KNITWEAR, one of Malta's troubled State-owned textile firms, is to close down. An official statement disclosed that the company has built up losses totalling EM250,000, not including a EM160,000 debt.

Melita Knitwear, it was further revealed, has cost the Government EM600,000 in various rescue bids. The company has been facing difficulties since 1970. A relentless recession in the markets, according to a Government spokesman.

ment committee made up of Malta Development Corporation and General Workers' Union. In 1973 following the company's closure, including banks, the MDC over an 83 per cent. sharehold and the GWU took the reins. Although new money were tapped and the firm's how was improved, Melita's situation has not improved. A relentless recession in the markets, according to a Government spokesman.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$60,000,000

(Canadian)

General Motors Acceptance Corporation of Canada, Limited

\$30,000,000 (Canadian) 9% Notes Due 1981

\$30,000,000 (Canadian) 9% Debentures Due 1988

Payment of principal, premium, if any, and interest unconditionally guaranteed by

General Motors Acceptance Corporation

Principal, premium, if any, and interest will be payable in Canadian dollars in Toronto or in certain cities outside Canada without deduction for or on account of Canadian withholding taxes, all as set forth in the Offering Circular. Interest will be payable annually on October 15, commencing in 1977.

MORGAN STANLEY INTERNATIONAL

WOOD GUNDY LIMITED

DOMINION SECURITIES CORPORATION
HARRIS & PARTNERS LIMITED

ALAHLI BANK OF KUWAIT (K.S.C.)

ALGEMENE BANK NEDERLAND N.V.

A.E. AMES & CO.

AMSTERDAM-ROTTERDAM BANK N.V.

ANDRESEN BANK A/S

BACHE HALSEY STUART INC.

BAER SECURITIES CORPORATION

BANCA COMMERCIALE ITALIANA

BANCA DEL GOTTARDO

BANCA NAZIONALE DEL LAVORO

BANCO DI ROMA

BANCO DI SANTO SPIRITO

BANK OF AMERICA INTERNATIONAL

BANK GUTZWILLER, KURZ, BUNGENER (OVERSEAS)

BANK LEU INTERNATIONAL LTD.

BANK MEES & HOPE NV

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.)

BANQUE BRUXELLES LAMBERT S.A.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

BANQUE GENERALE DU LUXEMBOURG S.A.

BANQUE DE L'INDOCHINE ET DE SUEZ

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

BANQUE LAMBERT-LUXEMBOURG S.A.

BANQUE NATIONALE DE PARIS

BANQUE DE NEUFVILLE, SCHUMBERGER, MALLET

BANQUE DE PARIS ET DES PAYS-BAS

BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG

BANQUE ROTHSCHILD

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CONTINENTAL ILLINOIS

COUNTRY BANK

CREDIT COMMERCIAL DE FRANCE

CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE

CREDIT INDUSTRIEL ET COMMERCIAL

CREDIT LYONNAIS

CREDIT DU NORD

CREDIT SUISSE WHITE WELD

CREDITANSTALT-BANKVEREIN

CREDITO ITALIANO

D MACHI KANGYO BANK NEDERLAND N.V.

DAIWA EUROPE N.V.

RICHARD DAUS & CO. BANKIERS

DELBRUECK & CO.

DEN DANSEK BANK

DEN NORSKE CREDITBANK

DEUTSCHE BANK

DEUTSCHE GROSZENTRALE

DEWAAT & ASSOCIES INTERNATIONAL S.C.S.

DILLON, READ OVERSEAS CORPORATION

DRESNER BANK

EFFECTENBANK-WARBURG

EUROPEAN BANKING COMPANY

EUROTRADING FINACOR FIRST BOSTON EUROPE

FIRST CHICAGO

ROBERT FLEMING & CO.

GIROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN

GOLDMAN SACHS INTERNATIONAL CORP.

GREENSHIELDS INCORPORATED

HAMBROS BANK

R. HENRIQUES JR. BANK

HESSISCHE LANDESBANK GIROZENTRALE

HILL S. MUEL & CO.

IBJ INTERNATIONAL

INTERUNION-BANQUE

ISTITUTO BANCARIO SAN PAOLO DI TORINO

JARDINE FLEMING & COMPANY

KIDDER, PEABODY INTERNATIONAL

KJOENHAVNS HANDELSBANK

KLEINWORT, BENSON

KREDITBANK N.V.

KREDITBANK S.A. LUXEMBOURGEOISE

KUHN, LOEB & CO. INTERNATIONAL

KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.)

KUWAIT INVESTMENT COMPANY (S.A.K.)

KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.

KUWAIT INVESTMENT COMPANY (S.A.K.)

EVAN LANSCHOT

LAZARD BROTHERS & CO.

LAZARD FRERES ET CIE

LEVESQUE, BEAUBIEN INC. MANUFACTURERS HANOVER

MCLEOD, YOUNG, WEIR & COMPANY

MERRILL LYNCH INTERNATIONAL & CO.

B. METZLER SEEL, SOHN & CO.

MIDLAND DOHERTY

SAMUEL MONTAGU & CO.

MORGAN GRENTELL & CO.

NEDERLANDSCHE MIDDENSTANDSBANK N.V.

NESHITT, THOMSON

NEUE BANK

THE NIKKO SECURITIES CO. (EUROPE) LTD.

NOMURA EUROPE N.V.

NORDDEUTSCHE LANDESBANK GIROZENTRALE

SAL. OPPENHEIM JR. & CIE.

ORION BANK

PETERBROECK, VAN CAMPENHOUT, KEMPEN S.A.

PICTET INTERNATIONAL

PIERSON, HEDRIG & PIERSON N.V.

PITFIELD, MACKAY, ROSS & COMPANY

PKBANKEN

PRIVATBANKEN

RICHARDSON SECURITIES OF CANADA

N.M. ROTHSCHILD & SONS

SALOMON BROTHERS INTERNATIONAL

J. HENRY SCHRODER WAGG & CO.

SEANDINAVISKA ENSKILDA BANKEN

SOCIETA FINANZIARIA ASSICURATIVA (SOFIAS)

SOCIETE GENERALE (R.A.S. GROUP)

SOCIETE GENERALE DE BANQUE S.A.

STRAUSS, TURNULL & CO.

SVENSKA HANDELSBANKEN

SWISS BANK CORPORATION (OVERSEAS)

TRADITION SECURITIES

UNION BANK OF SWITZERLAND (SECURITIES)

VERBAND SCHWEIZERISCHER KANTONALEBANKEN

VEREINS-UND WESTBANK

J. VONTOBEL & CO.

S.G. WARBURG & CO. LTD.

WARDLEY

WESTDEUTSCHE LANDESBANK

YAMAICHI INTERNATIONAL (EUROPE)

YAMAICHI INTERNATIONAL (EUROPE)

S.G. WARBURG & CO. LTD.

WARDLEY

WESTDEUTSCHE LANDESBANK

YAMAICHI INTERNATIONAL (EUROPE)

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WARDLEY

WESTDEUTSCHE LANDESBANK

YAMAICHI INTERNATIONAL (EUROPE)

YAMAICHI INTERNATIONAL (EUROPE)

All of these Securities have been sold. This announcement appears as a matter of record only.

\$100,000,000

European Economic Community

7¾% Notes Due 1981

Interest payable April 1 and October 1

MORGAN STANLEY & CO.

Incorporated

THE FIRST BOSTON CORPORATION

KUHN, LOEB & CO.

LEHMAN BROTHERS

Incorporated

SALOMON BROTHERS

BACHE HALSEY STUART INC.

Incorporated

BLYTHE EASTMAN DILLON & CO.

Incorporated

DILLON, READ & CO. INC.

DREXEL BURNHAM & CO.

Incorporated

GOLDMAN, SACHS & CO.

HORNBLOWER & WEEKS-HEMPHILL, NOYES

Incorporated

E. F. HUTTON & COMPANY INC.

KIDDER, PEABODY & CO.

Incorporated

LAZARD FRERES & CO.

LOEB, RHOADES & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH

Incorporated

PAINE, WEBBER, JACKSON & CURTIS

REYNOLDS SECURITIES INC.

Incorporated

SMITH BARNEY, H

FOREIGN EXCHANGES

GOLD MARKET

NEW YORK, Oct. 18

HONG KONG—Higher in increased trading.
Hong Kong Sugar were up 5 cents to HK\$1.50. **Hong Kong Land** 5 cents to 8.90. **Hutchinson** 5 cents to 3.025. **Wharlock "A"** 5 cents to 2.25. **Jardine** 40 cents to 16.40. **Swire Pacific "A"** 15 cents to 8.90. **Hong Kong Electric** 5 cents to 4.275. **China Light** 5 cents to 24.70 and **Hong Kong and Kowloon Wharf** 20 cents to 16.50.
TOKYO—Moderately lower this trading. Volume. 120,000.

Large-capital issues continued to lose ground on lack of interest. Foods and Pharmaceuticals also eased, but there was scattered interest in Motorola, Electric Appliances and some other "high-priced" shares.

Toyota Motor rose ¥25 to \$16.50, Toyota Motor Sales ¥25 to \$16.50 and Toyota Auto Body ¥24 to \$16.50.

AUSTRALIA—Prices were marked down across the Board following some selling prompted by the warning from the

AUSTRALIA—Prices marked down across the Board following some selling prompted by the warning from the Treasurer, Philip Lynch, that there was little prospect of easing in official interest rates.

• BHP came back 20 cents to \$A.670x and the Rights lost cents to \$A.88.

• New BHP moved down 10 cents to \$A.17.

• CSR shed 4 cents to \$A.126 but Bundaberg moved up 4 cents to \$A.75.

• Lower Metal prices saw Boral gainville down 3 cents to \$A.10.

• The Peko

\$A6.70x and the rights lost
 cents to \$A2.88.
 moved down 5
 cents to \$A4.17.
 CSR shed 4 cents to \$A4.26
 Bundaberg moved up 5 cents
 to \$A3.75.
 Lower Metal prices saw Bot
 gainville down 3 cents to \$A11.00
 and the Peko group shed 1 cent
 to \$A4.70 and Western
 Mining 3 cents to \$A1.57.
 Some Uraniums moved again in
 the general trend, with Contin
 up 20 cents to \$A10.30 and
 Queensland mines 5 cents
 to \$A10.30.
JOHANNESBURG—Gold share
 were quietly firm, following
 generally higher bullion indica
 tions. Financial Minings edge
 down in the very light trading
 Coppers were extremely quiet

cents to \$4.70 and Western Australian Mining 3 cents to \$4.157.

Some Uranium moved against the general trend, with Canadian Uranium rising to \$4.10 and the Queensland mines 5 cents to \$4.25.

JOHANNESBURG—Gold shares were generally quiet, the following generally higher bullion indications. Financial Minings edged off the top in very light trading.

Coppers were extremely quiet but steady, while Platinums were also quiet. Other Minerals were mixed.

Industrials were quiet and slightly easier.

NOTES: Overseas prices shown below exclude 5 premium. Belgian situation as at withdrawing.

Plas. 30 denon. unless otherwise stated
\$ 30 denon. unless otherwise stated
\$ 30 denon. unless otherwise stated
\$ 30 denon. unless otherwise stated

Industrials were quiet and slightly easier.

Germany

Abs.	Price Dm.	+ or -	Div. %	Yld.
Oct. 18	80.6			
Allian. Versich.	375	5	18	2 1/2
B.N.W.	204	-	18	2 1/2
Rht. Rhd.	149	2.8	18	2 1/2
Haver	122.5	+1	20	3
Maye	276	1	20	3
Bayre City	276	1	20	3

Oct. 18	Dnl.	—	£	s	d
A. & G.	80.6				
Allianz Versich.	376	5	18s	2	
E. M. W.	204			18	4
D. A. & F.	144.7	2.8	14	4	
Bayr.	122.6	+ 1	14	5	
Bayr. Hyp.	276	1	20	3	
Bayr. Versich.	178	1	20	3	
Commerzbank	568.8	1.2	18	5	
Cent. Gm.	72				
Genl.	352.5		17	2	
Deutsche Bank	215	1	15	4	
Deutsche Bank	144	+ 5	16	5	
Deutsche Bank	276.9	- 0.1	20	3	
Deutsche Bank	108.5	1	6	4	
Deutsche Bank	360	1	6	4	

Bayer Vereinsbank	178	—	10	5
Commerzbank	168	1.2	18	5
Cent. Gümn.	72	—	30	5
Genlral	352.5	—	17	2
Deutsche	144	—	15	4
Deutsche	144	—	15	4
Deutsche Bank	275.9	—	20	3
Deutsche Bank	308.5	—	20	4
Deutsche Bank	140	—	6	2
Guthofen Zent.	168	—	14	4
Hapag Lloyd	101.5	—	12	5
Harpener Dmldg	139	+ 0.5	9	6
Hochst	131.5	—	14	5
Hochst	50.1	—	7	—
Holl. St. Dmldg	104.5	+ 1.5	7	5
Holl. St.	388	—	20	2

Gutehofnung.....	168		14	4
Hapag Lloyd.....	101,5		12	5
Harpener Dm100.....	139	+ 0,5	9	6
Hochst.....	131,5	- 0,5	14	5
Hoesch.....	50,1	- 0,1		
Hull-Stat. (Dm50).....	104,5	+ 1,5	7	5
Karstadt.....	369	- 5	20	2
Kautlitz.....	234	- 1	20	4
Klepper Dm100.....	102			
Klock Humboldt.....	154,2	- 0,3	10	3
Krupp Dm100.....	230,5		20	4
Muenchekredit Bk.....	230,5		20	4
Lauritz.....	191	- 5	16	4
Levensdorf Dm100.....	1.860		20	1
Leitwasse.....	87	- 1	4	2

Kaufhaus	234	1	20	4
Klecker Dm 100	102			
Kloek Humbold	134.2	-0.3	10	3.5
Krupp Pm 100	108		20	4
Kunstenkredit Bk	195	5	16	4
Lauri	130		20	1.1
Levenshain Dm 100	1.860			
Luitpold	87		4	2.2
M. A. N.	157		12	4
M. V. Mann Dm 100	313		14	4
Metallh. -Chart	204		10	18
Mittelb. Klecker	418		10	
Nordmann	78.6	-1	7	
Preuss. Dm 100	137		17	5.5
Rhein West Elect	355.5		20	3
Schering	305		16	2
Siemens	155		20	2

W. A. N.	187	+1	12	3.4
M'smann Dm 100	313	-8	214	4.4
Mineral-Chaut	204	+12	10	2.4
Mineb. Kuckers	418	+5	18	2.4
Norckmann	78.6	-3	y	
Frei-sag Dm 100	137	-1	17	3.4
Rhein West Elect	165.5		17	3.4
Schering	303		20	2.4
Siemens	355		16	2.4
Stadler	250		19	3.4
Thyssen	103.4	-0.1	14	6.4
Verein & West Bk	303	-8	20	3.4

Oct. 18	Price Per.	+ or -	Inv. Yld. Per. %
African Oiled It.	377	-8	19.8
Am. Liqueur	524	-4	16.5
Avonine	267	-19.2	22.5
Bahian	59.1	-0.1	
B. N. Corrales	520	-6	17.8
Liqueur	362	-31	57.7

Oct. 18	Price Frs.	+ or -	Prev. Frs.	%
Algonquin Credit Co.	377	-8	19.5	0.2
N. L. Liquor Co.	324	-4	16.8	0.8
Algonquin	287	-18	12.5	7.8
Algonquin	59.1	-0.1		
N. L. L. L. L. L. L. L.	520	-6	17.8	7.8
Algonquin	1,362	131	67	4.3
Algonquin	173	-2	16.5	9.3
Algonquin	43.1	-0.6		
Algonquin	228	-4	12	5.1
Algonquin	255	-3	25.9	9.1
Algonquin	100	-0.1	10.9	10.8
Algonquin	298.1	-0.3	29.1	9.7
Algonquin	69.1	-0.8	17.6	24.7
Algonquin	95	-14	14.1	15.0

Chargers Keule	173	-2	16.9	9.3	5.1
Chargers	42.1	-0.6	5	2.1	1.1
Ch. Dan-wire	228	-4	12	5.1	2.1
Ch. B.	255	-3	25.9	9.1	5.1
Ch. Com. Fin. Inc.	100	-0.1	10.9	10.9	10.9
Ch. Frontier	298.1	-0.3	29.1	9.7	5.1
Ch. N.E.	69.1	+0.8	17.6	24.7	15.1
Ch. Petro	95	-	14.1	15.0	7.1
Ch. L. & W.	60.8	-0.3	-	-	-
Ch. Occidental	168.8	-1.3	7.5	3.4	1.1
Ch. P.	103.0	-0.4	4.9	4.3	4.3
Ch. R.	180.1	-0.1	15.6	8.6	6.6
Ch. S.	850	-8	16	2.1	1.1
Ch. T.	28.1	-0.4	1.8	5.1	1.1
Ch. U.	1210	-20	50.6	22.1	12.1
Ch. V.	426.5	-15.8	16.1	16.1	16.1
Ch. W.	426.5	-15.8	16.1	16.1	16.1

Gon. Latamite	60.8	-0.3		
Gon. Occidentalis	168.8	-1.3	7.5	5.4
Hornet	103.0	-0.4	4.95	4.3
Landscape	180.1	-0.1	15.78	8.6
L. Hornet	850	-8	16	2.1
Machines Bull.	28.1	-0.4	1.8	5.1
McDonn "B"	1,210	-20	50.6	2.6
West Hemisphere	432.5	-15.8	16.1	1.9
W. Hemisphere	432.5	-15.8	16.1	1.9
W. Hemisphere	83.4	-0.1	7.5	8.4
Winged Frs. Bull.	217	-4.5	1.5	7.1
Wingless	48	0.5		
Rebut	555	-2	22.5	4.0
Rhine-Pavane	70	0.9	9	12.4
Sedler S.A.	39.6	-0.6		
Suez	205	-1.5	24	11.5
Thompson Brandt	168.2	-4.7	14.28	7.8

Bacon.....	83.4	-0.1	7.5	8.4
Poussin - French.....	217	-4.5	1.5	7.1
Poultryman.....	48	0.5	-	-
Rebuta.....	555	-2	22.5	4.0
Rhine Potatoes.....	70	0.9	9	12.4
Southern S.A.....	39.5	0.6	-	-
Sugar.....	205	-1.5	24	11.5
Thomson Brandt.....	168.2	+4.7	14.2	7.8
Usses.....	45	-2	-	-

AMSTERDAM			
Oct. 18	Price Fls.	+ or -	Div. Yld. % %

AMSTERDAM		Price	Change	Div. Yld.
	Oct. 18	Flas.	—	%
Alcohol (Flas.)	78	+0.2	20	5.0
Alcohol (Flas.)	27.1	+0.5	—	—
Alcohol (Flas.)	274.5	+2	21	7.7
AMV (Flas.)	40.3m	+0.5	358	8.1
Amrobank (Flas.)	64.7	-0.7	21	6.1
Van der Grinten (Flas.)	101	-0.8	12	7.5
Rugem (Flas.)	84	-1.5	21	5.1
Rosa West in Flas.	99.6	-0.2	57	8.8

Aliment	Flavor	Color	Texture	Overall
Almond (Flavor)	78	-0.2	20	6.0
Almond (Color)	27.1	+0.5		
Almond (Flavor)	274.5	+2	21	7.7
Almond (Color)	40.3	+0.5	35	8.1
Almond (Flavor)	64.7	-0.7	21	6.1
Vanilla (Flavor)	101	-0.8	12	7.5
Vanilla (Color)	84	-1.5	21	5.1
Vanilla (Flavor)	99.6	-0.2	57	8.8
Vanilla (Color)	60	-1	23	7.5
Vanilla (Flavor)	251	-	18	1.4
Vanilla (Color)	95	-1	28	5.9
Vanilla (Flavor)	57.5	-1	30	3.2
Vanilla (Color)	48.3	-0.3	20	4.3
Vanilla (Flavor)	134.5	-3.4	14	2.6
Vanilla (Color)	117.2	-0.5	6.9	6.1
Vanilla (Flavor)	38.5	-0.5	-	-

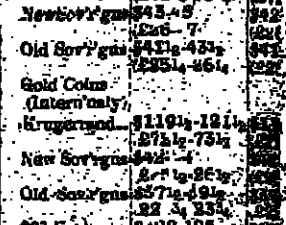
Hahn-Jeterode	60	-1	23	7.5
Kloster (F. 13.1)	251	-	18	1.4
Kopp N. V. Bonn	95	-1	28	5.9
Kreuzberg (F. 13.1)	57.5	-1	30.4	3.2
Kreuzberg (F. 13.1)	48.3	-0.3	20	4.3
Kreuzberg (F. 13.1)	134.5	-3.4	14	2.6
Kreuzberg (F. 13.1)	117.2	-0.5	6.9	6.1
Kreuzberg (F. 13.1)	58.5	-0.5	-	-
Kreuzberg (F. 13.1)	26.0	-0.8	11	7.2
Kreuzberg (F. 13.1)	14.5	-0.6	10	4.1
Kreuzberg (F. 13.1)	11.8	-0.3	-	-
Kreuzberg (F. 13.1)	34.6	+0.1	10	5.9
Kreuzberg (F. 13.1)	40.2	+0.3	-	-
Kreuzberg (F. 13.1)	72.0	-0.8	20	4.8
Kreuzberg (F. 13.1)	42.6	+0.1	18	8.6
Kreuzberg (F. 13.1)	126.5	-	17	6.6

Hemoglobin (g/L)	25.0 ± 0.8	11	4.2
Hct (%)	14.6 ± 0.6	10	7.1
K ₁ (mM)	112.8 ± 0.3	17	5.9
Na ⁺ (mM)	34.6 ± 0.1	10	5.9
Serum (g/L)	40.2 ± 0.3	17	5.9
Na ⁺ (mM)	72.0 ± 0.8	20	4.8
Na ⁺ (mM)	42.6 ± 0.1	18	5.6
Na ⁺ (mM)	126.6 ± 0.1	17	6.6
Na ⁺ (mM)	66.8 ± 0.8	10.5	8.0
Na ⁺ (mM)	37.8 ± 0.7	17	5.9
Na ⁺ (mM)	165 ± 0.1	28	5.5
Na ⁺ (mM)	172.5 ± 0.3	10	—
Na ⁺ (mM)	78.1 ± 0.1	20	4.6
Na ⁺ (mM)	25.2 ± 0.2	14	5.5
Na ⁺ (mM)	70 ± 0.2	18	25.1
Na ⁺ (mM)	17.4 ± 0.1	25.2	7.0

Norway PLC	66.8	-0.8	10.5	8.0
Norwegian, Calt	37.8	-0.7	-	-
Norwich, L.L.	165	-	28	3.5
Ny Carriers	172.5	+0.5	10	-
Onyx PLC	78.1	+0.1	20	4.6
Orbit, L.L.	25.2	+0.2	14	5.5
Orion PLC	70	+0.3	18	25.1
Oscar PLC	17.44	-	25.2	7.0
Oscar PLC	155	-0.5	5	1.8
Oscar PLC	116.5	+0.4	8.5	4.2
Oscar PLC	116.8	-1	43.75	7.5
Oscar PLC	245	-	19	8.5
Oscar PLC	92.5	+0.2	0.5	1.4
Oscar PLC	107.8	+2.2	584	6.6
Oscar PLC	34.8	+0.3	10.2	1.4
Oscar PLC	84.5	+1.5	14	15.8

Boston (Fla.)	155	-0.5	5	1.8
Toronto (Fla.)	116.5	-0.4	8.5	4.2
Royal Dutch/Fla.	116.5	-1.1	45.75	7.6
Singapore (Fla.)	285	-1	19	8.5
Tokyo (Fla.)	92.5	0.2	0.5	1.4
Wolver (Fla.)	107.5	2.2	584	6.6
Wing (Fla.)	34.8	-0.3	10.20	1.4
VMI Stock	84.5	-1.5	14	15.8

Gold Bullion		
A fine ounce		
Coin	\$116.1165	\$116
Opening	\$118.4 1185	\$118
Morning fix	\$116.2	\$116
1.2	\$270.588	\$270
Afternoon fix	\$116.80	\$116
	\$270.684	\$270
Gold Coins		
Armenia		
Kruggerand	\$119.121	\$119
	\$271.4 7614	\$271



330 Eagles	\$1192-1258	3170
313 Eagles	\$1 5-118	3170
30 Eagles	\$66-71	3165

FOREIGN EXCHANGES

(Marked)

Oct. 18 1970	Bank Rate %	Day's Spread
New York	5 1/2	1.60-1.70
Montreal	5 1/2	1.90-1.95
Amsterd.	7	32-40
Brussels	8	31.00-32.00

Amsterdam	11	1.02-1.05
Frankfurt	2 1/2	1.02-1.05
London	6 1/2	1.02-1.05
Madrid	2	1.02-1.05
Milan	15	1.02-1.05
Oslo	5	1.02-1.05
Paris	10 1/2	1.02-1.05
Stockholm	5	1.02-1.05
Tokyo	6 1/2	1.02-1.05
Vienna	4	1.02-1.05
Zurich	2	1.02-1.05

* Basic discount: 2 Basis
convertible francs: 1 Basis
\$3.34

OTHER MARKETS	
Argentina	151.75-259.35 (London)
Australia	1.5283-1.5487 (Sydney)
Brazil	18.07-18.17 (Belgium)
France	1.41-1.41.5 (Paris)
Germany	20.44-21.57 (Frankfurt)
Hong Kong	81.4-80.88 (Hong Kong)
India	112.8-112.5 (Bombay)
Japan	112.8-112.5 (Tokyo)
Malaysia	1.12-1.12.25 (Singapore)
Netherlands	1.12-1.12.25 (Amsterdam)
Sweden	7.074-7.178 (Stockholm)
Switzerland	80-79 (Zurich)
Thailand	1.132-1.137 (Bangkok)
U.S.A.	1.4228-1.4235 (New York)

U.S. Canada ...
U.S. ...
U.S. ...
* Basic discount ...
dealers ...
RCRA rate ...

FORWARD RATES

	One Month	Three
New York	2.45-2.55	2.50-2.60
Montreal	2.77-2.87	2.80-2.90
Amsterdam	2.40-2.50	2.40-2.50

Brunette	45-55 c. pen	71-80
Cop. 02g. pen	51-1.00 pm	1-3
Frankfurt	51-54 c. pen	13-16
London	55-58 c. pen	13-16
Madrid	52-55 325 c. pen	13-16
Milan	52-55 325 c. pen	13-16
Oslo	51-54 325 c. pen	13-16
Paris	51-54 c. pen	13-16
Stockholm	51-54 325 c. pen	13-16
Vienna	51-54 325 c. pen	13-16
Zurich	51-54 325 c. pen	13-16
Size 22 mm forward, U.S. pen		
15.00 c. pen	and 12-month 22.50	

Oct. 18	Price Droit	+ or -
Alaska Bayan PE	4.22	-0.28
Alaska Bayan OM	2.54	-0.14
Alaska PE	1.21	-0.11
Alaska Santos OP	5.97	+0.02
Alaska Santos UP	5.24	-0.04
Alaska Santos PP	2.40	-1.12
Alaska Santos GR	14.70	-0.02
Alaska Santos OP	2.08	-0.14
Alaska Santos UP	2.34	-0.02
Alaska Santos PP	2.42	-0.02

Vol. Cr. 54.2m. Shares 25.
2m. Shares 25.

JOHANNESBURG	
October 25	Rand
MINES	
Anglo-American Corp'n	3.50
Charter Consolidated	21.00
East Driefontein	6.25
Goldberg	1.90
Hammond	1.75
Kimberly	3.30
Riof	5.50
Rustenburg Platinum	1.95

St. Helens	718.00
Southern	5.50
Gold Fields SA	15.00
Union Corporation	10.00
De Beers Deferred	10.00
Silvercliff	10.00
East Rand Plc	10.00
Free State Gold	10.00
President Brand	22.50
President Steyn	2.50
Stellenbosch	2.50
Welkom	2.50
West Driefontein	72.00
Western Holdings	70.00
Western Deep	71.00

INDUSTRIALS

African Export & Chem
 Anglo-American Industrial
 Barlow Rand
 CMA Industrials
 Chris Placid
 De Beers Industrial
 Edgars Consolidated Inv
 Edgars Stores
 EverReady SA
 Federale Volksbevoorrading
 Greatwarens Stores
 Guardian Assurance Co
 Huella
 ILTA
 McCabur Brodway
 McDonald

Oran Specialty	1.00
Primer Milling	2.75
Proctor Cakes	2.75
Proctor Holdings	0.44
Rand Mines	2.25
Rembrandt Group	1.00
Renton	1.00
Sage Holdings	1.25
SAPPI	1.25
S. C. Smith Sugar	15.00
Tarac	14.00
S.A. Breweries	0.25
Tucker Oils & Natl. Bank	7.25
Unilever	1.00

[illegible][illegible]

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A high-contrast, black and white photograph showing a textured surface, likely a wall or ceiling, with a dark, vertical rectangular object in the foreground. The image is grainy and has a high level of contrast, with the dark object appearing as a solid black shape against a lighter, textured background. The texture of the surface is visible as a pattern of small, dark and light specks. The dark object is positioned in the lower right quadrant of the frame, extending vertically. The overall composition is abstract and focuses on texture and form.[illegible]

ig jump in interest on rm loans

Commodities Staff
AGRICULTURAL Mortgage Association (AMC) has raised interest rate on new variable loans by 3.5 per cent to 12 per cent. Existing variable loans will continue at 12 per cent until December 1. The new fixed rate loans will be 16 per cent as of January 1. The AMC says the rise is caused by increases in interest rates on the money market. It says the new rate is a reflection of the fact that the AMC is now a public company and must pay a dividend to its shareholders.

lia to limit for U.K.

CALCUTTA, Oct. 18. The Board of Directors of the Indian Tea Board is to meet next month to discuss the possibility of imposing a limit on the export of tea from India to the U.K. The Board is concerned that the U.K. market is becoming increasingly competitive and that Indian tea producers are losing out. It is considering a limit of 100,000 tons per year.

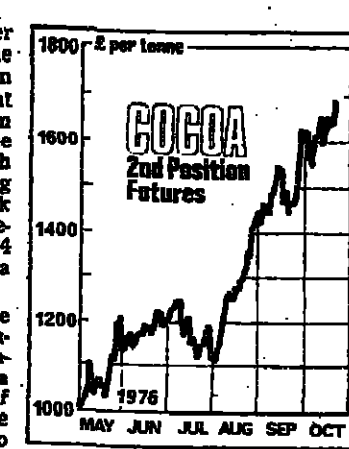
REALS SAVING

Commodities Staff
Inefficiency payments were made in the U.K. for the 1975 crops because market prices were higher than the government's estimate. The government is now looking at ways to reduce these payments.

Cocoa and coffee prices surge to record levels

BY RICHARD MOONEY

COCOA VALUES reached further all-time peaks yesterday with the March position on the London terminal market closing at \$1,596.5 a tonne, up 263 from pre-weekend levels. The coffee market also made history with most of the new 1978-79 season above the \$2,000-a-tonne mark for the first time. January delivery coffee ended the day \$34 up on balance at \$2,017.5 a tonne.



Peru resumes anchovy fishing

BY OUR OWN CORRESPONDENT

PERU'S ANCHOVY fishing fleet put to sea today after a 10-day hiatus. The government has allowed the fleet to resume fishing after a period of closure to allow the stock to recover.

The recent bullish tone seems to have been re-established. Concern over the effect of the record prices on consumption has prompted the world coffee industry to issue a call to producers to step up output as a matter of urgency. Industry representatives attending a recent conference in Munich said companies were very worried about the possible consequences of present price levels.

USSR-Norway fish pact

BY FAY GJESTER

THE SOVIET-NORWEGIAN agreement on reciprocal fishing rights, signed in Moscow on Friday, is regarded here as representing a tacit Russian acceptance of Norway's decision to establish a 200-mile zone around the New Year. The agreement allows Soviet fishing vessels to fish in Norwegian waters and vice versa.

U.S. boosting wheat exports

WASHINGTON, Oct. 18.

MR. RICHARD BELL, U.S. Assistant Agriculture Secretary, said here today that the Commodity Credit Corporation (CCC) had a \$100 million budget for export programmes this fiscal year, and 45 per cent of this would be for wheat.

New peak for copper stocks

By John Edwards, Commodities Editor

BASE METAL prices held firm on the London Metal Exchange yesterday, despite a sharp increase in warehouse stocks. Copper stocks reached an all-time peak of 569,530 tonnes after a hefty increase of 5,575 tonnes. But the market was in no mood to go down in quiet trading conditions despite an initial lull in opening in New York. Underlying sentiment appears to be still "bearish" but there was general nervousness about the effect of the Deutschmark exchange rate changes on the currencies, particularly sterling.

U.S. boosting wheat exports

WASHINGTON, Oct. 18.

MR. RICHARD BELL, U.S. Assistant Agriculture Secretary, said here today that the Commodity Credit Corporation (CCC) had a \$100 million budget for export programmes this fiscal year, and 45 per cent of this would be for wheat.

Europe unsettles its South Pacific farm

BY DAI HAYWARD, WELLINGTON CORRESPONDENT

THE NEW ZEALAND meat and dairy industries are worried at the possibility of a new trade agreement between the European Economic Community (EEC) and the South Pacific. The EEC has built up one of the world's most efficient lamb and dairy industries. Both were built on producing an article tailored to the demands and taste of the British market.

Question mark

The Dairy Board has worked hard and successfully to create new markets for primary products that are shut out of Europe.

DAIRY FARMERS are worried about the future of the cheese industry because of the question mark that hangs over the British market. Two years ago New Zealand made 100,000 tonnes of cheese, but this year it is down to 80,000 tonnes.

U.S. commodity options group set up

WASHINGTON, Oct. 18.

ANGELIS, said the Association included a number of well-established commodity firms throughout the country. The main purpose of the Association will be to provide communications between options dealers, establish appropriate industry standards and guide lines, open channels between the industry and regulatory agencies, and become immediately involved in the study of proposed rules for commodity options trading now being worked out by the Commodity Futures Trading Commission.

COMMODITY MARKET REPORTS AND PRICES

SILVER			
Unit	Price	Change	Unit
100 oz	100.00	+0.10	100 oz
100 oz	100.00	+0.10	100 oz

PRICE CHANGES

Commodity	Price	Change
Wheat	1.25	+0.01
Corn	1.10	+0.01
Soybeans	1.30	+0.01

Cocoa and cotton firm: sugar weak

NEW YORK, Oct. 18.

THE COPPER market closed unchanged on new hedge buying and short-covering. The market was firm, with copper prices holding steady.

stimestill onyourside?

...but you have none to lose. The bull cycle in commodities is intact but to make the most of the move you'll need to be selective and you'll need the best possible timing.

Two week free trial, contact: Mr. Lynch, Eurocharts, 1/19 Fish Street Hill, LONDON EC3R 6BY. Tel: 01-283 2298 Telex: 887954

EUROCHARTS

Official Notice: The London Metal Exchange has reported that it has received a notice from the European Communities Commission regarding the export of certain commodities.

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Business Wanted	£3.00
Business For Sale	£3.00

SOYABEAN MEAL

The market opened slightly higher in light trade, but picked up in close trading. The market was firm, with soybean meal prices holding steady.

GRAINS

THE MALIC market was firm, with grain prices holding steady. The market was firm, with grain prices holding steady.

COCAO

COCAO prices were firm, with cocoa prices holding steady. The market was firm, with cocoa prices holding steady.

WHEAT

WHEAT prices were firm, with wheat prices holding steady. The market was firm, with wheat prices holding steady.

CORN

CORN prices were firm, with corn prices holding steady. The market was firm, with corn prices holding steady.

SOYBEANS

SOYBEANS prices were firm, with soybean prices holding steady. The market was firm, with soybean prices holding steady.

WHEAT

WHEAT prices were firm, with wheat prices holding steady. The market was firm, with wheat prices holding steady.

CORN

CORN prices were firm, with corn prices holding steady. The market was firm, with corn prices holding steady.

SOYBEANS

SOYBEANS prices were firm, with soybean prices holding steady. The market was firm, with soybean prices holding steady.

MEAT/VEGETABLES

MEAT/VEGETABLES prices were firm, with meat and vegetable prices holding steady. The market was firm, with meat and vegetable prices holding steady.

WHEAT

WHEAT prices were firm, with wheat prices holding steady. The market was firm, with wheat prices holding steady.

CORN

CORN prices were firm, with corn prices holding steady. The market was firm, with corn prices holding steady.

SOYBEANS

SOYBEANS prices were firm, with soybean prices holding steady. The market was firm, with soybean prices holding steady.

WHEAT

WHEAT prices were firm, with wheat prices holding steady. The market was firm, with wheat prices holding steady.

CORN

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SOYBEANS

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WHEAT

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CORN

CORN prices were firm, with corn prices holding steady. The market was firm, with corn prices holding steady.

SOYBEANS

SOYBEANS prices were firm, with soybean prices holding steady. The market was firm, with soybean prices holding steady.

WHEAT

WHEAT prices were firm, with wheat prices holding steady. The market was firm, with wheat prices holding steady.

Technical rally gathers pace encouraged by sterling

Share index up 10.7 at 303.6—Oil shares prominent

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	14-15%		16%
Overnight			16%
Days notice			16%
1 month			16%
3 months	14 1/2%	14 1/2%	16%
6 months	14 1/2%	14 1/2%	16%
9 months	14 1/2%	14 1/2%	16%
12 months	14 1/2%	14 1/2%	16%
18 months	14 1/2%	14 1/2%	16%
24 months	14 1/2%	14 1/2%	16%
36 months	14 1/2%	14 1/2%	16%
48 months	14 1/2%	14 1/2%	16%
60 months	14 1/2%	14 1/2%	16%
72 months	14 1/2%	14 1/2%	16%
84 months	14 1/2%	14 1/2%	16%
96 months	14 1/2%	14 1/2%	16%
108 months	14 1/2%	14 1/2%	16%
120 months	14 1/2%	14 1/2%	16%
132 months	14 1/2%	14 1/2%	16%
144 months	14 1/2%	14 1/2%	16%
156 months	14 1/2%	14 1/2%	16%
168 months	14 1/2%	14 1/2%	16%
180 months	14 1/2%	14 1/2%	16%
192 months	14 1/2%	14 1/2%	16%
204 months	14 1/2%	14 1/2%	16%
216 months	14 1/2%	14 1/2%	16%
228 months	14 1/2%	14 1/2%	16%
240 months	14 1/2%	14 1/2%	16%
252 months	14 1/2%	14 1/2%	16%
264 months	14 1/2%	14 1/2%	16%
276 months	14 1/2%	14 1/2%	16%
288 months	14 1/2%	14 1/2%	16%
300 months	14 1/2%	14 1/2%	16%
312 months	14 1/2%	14 1/2%	16%
324 months	14 1/2%	14 1/2%	16%
336 months	14 1/2%	14 1/2%	16%
348 months	14 1/2%	14 1/2%	16%
360 months	14 1/2%	14 1/2%	16%
372 months	14 1/2%	14 1/2%	16%
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408 months	14 1/2%	14 1/2%	16%
420 months	14 1/2%	14 1/2%	16%
432 months	14 1/2%	14 1/2%	16%
444 months	14 1/2%	14 1/2%	16%
456 months	14 1/2%	14 1/2%	16%
468 months	14 1/2%	14 1/2%	16%
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492 months	14 1/2%	14 1/2%	16%
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516 months	14 1/2%	14 1/2%	16%
528 months	14 1/2%	14 1/2%	16%
540 months	14 1/2%	14 1/2%	16%
552 months	14 1/2%	14 1/2%	16%
564 months	14 1/2%	14 1/2%	16%
576 months	14 1/2%	14 1/2%	16%
588 months	14 1/2%	14 1/2%	16%
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612 months	14 1/2%	14 1/2%	16%
624 months	14 1/2%	14 1/2%	16%
636 months	14 1/2%	14 1/2%	16%
648 months	14 1/2%	14 1/2%	16%
660 months	14 1/2%	14 1/2%	16%
672 months	14 1/2%	14 1/2%	16%
684 months	14 1/2%	14 1/2%	16%
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708 months	14 1/2%	14 1/2%	16%
720 months	14 1/2%	14 1/2%	16%
732 months	14 1/2%	14 1/2%	16%
744 months	14 1/2%	14 1/2%	16%
756 months	14 1/2%	14 1/2%	16%
768 months	14 1/2%	14 1/2%	16%
780 months	14 1/2%	14 1/2%	16%
792 months	14 1/2%	14 1/2%	16%
804 months	14 1/2%	14 1/2%	16%
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912 months	14 1/2%	14 1/2%	16%
924 months	14 1/2%	14 1/2%	16%</

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[illegible]

Atlantic Assurance	... 12 %
General Assurance	... 11 %
Total Assets shown under Insurance and Property Bond table	

35

[illegible]

Journal of Management Studies, 19(6), 701-718.

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35	Laurence Scott	36	272	02
38	Lee Rodrig	00	+1	th2 11

49	22	24	26	28	30	32	34	36	38	40	42	44	46	48	50	52	54	56	58	60	62	64	66	68	70	72	74	76	78	80	82	84	86	88	90	92	94	96	98	100	102	104	106	108	110	112	114	116	118	120	122	124	126	128	130	132	134	136	138	140	142	144	146	148	150	152	154	156	158	160	162	164	166	168	170	172	174	176	178	180	182	184	186	188	190	192	194	196	198	200	202	204	206	208	210	212	214	216	218	220	222	224	226	228	230	232	234	236	238	240	242	244	246	248	250	252	254	256	258	260	262	264	266	268	270	272	274	276	278	280	282	284	286	288	290	292	294	296	298	300	302	304	306	308	310	312	314	316	318	320	322	324	326	328	330	332	334	336	338	340	342	344	346	348	350	352	354	356	358	360	362	364	366	368	370	372	374	376	378	380	382	384	386	388	390	392	394	396	398	400	402	404	406	408	410	412	414	416	418	420	422	424	426	428	430	432	434	436	438	440	442	444	446	448	450	452	454	456	458	460	462	464	466	468	470	472	474	476	478	480	482	484	486	488	490	492	494	496	498	500	502	504	506	508	510	512	514	516	518	520	522	524	526	528	530	532	534	536	538	540	542	544	546	548	550	552	554	556	558	560	562	564	566	568	570	572	574	576	578	580	582	584	586	588	590	592	594	596	598	600	602	604	606	608	610	612	614	616	618	620	622	624	626	628	630	632	634	636	638	640	642	644	646	648	650	652	654	656	658	660	662	664	666	668	670	672	674	676	678	680	682	684	686	688	690	692	694	696	698	700	702	704	706	708	710	712	714	716	718	720	722	724	726	728	730	732	734	736	738	740	742	744	746	748	750	752	754	756	758	760	762	764	766	768	770	772	774	776	778	780	782	784	786	788	790	792	794	796	798	800	802	804	806	808	810	812	814	816	818	820	822	824	826	828	830	832	834	836	838	840	842	844	846	848	850	852	854	856	858	860	862	864	866	868	870	872	874	876	878	880	882	884	886	888	890	892	894	896	898	900	902	904	906	908	910	912	914	916	918	920	922	924	926	928	930	932	934	936	938	940	942	944	946	948	950	952	954	956	958	960	962	964	966	968	970	972	974	976	978	980	982	984	986	988	990	992	994	996	998	1000
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71	Tele. Rentals	73	+2	4.75	2
144	Thom Fleet	152	+6	5.89	4

97	12	11	1.51	1.13	1.13	1.13
98	12	11	1.51	1.13	1.13	1.13
99	12	11	1.51	1.13	1.13	1.13
100	12	11	1.51	1.13	1.13	1.13
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160	12	11	1.51	1.13	1.13	1.13
161	12	11	1.51	1.13	1.13	1.13</

421	Alumin'm Corp.	45	2.95	1.6
441	Amal Procor	45	3.32	2.4

29	Wood W & S	20	1,117	7
30	W P & S	20	2,262	15
31	Young A & Y	38	1,715	10
FOOD, GROCERIES, ETC.							
29	Adams Foods	26	13,115	23
30	Alpine Soft D M	18	31	7
31	Am. Fisheries	12	1,117	7
32	Am. Brit. Frd. & A	12	1,117	7
33	Am. Fisheries	12	1,117	7
34	Am. Fisheries	12	1,117	7
35	Am. Fisheries	12	1,117	7
36	Am. Fisheries	12	1,117	7
37	Am. Fisheries	12	1,117	7
38	Am. Fisheries	12	1,117	7
39	Am. Fisheries	12	1,117	7
40	Am. Fisheries	12	1,117	7
41	Am. Fisheries	12	1,117	7
42	Am. Fisheries	12	1,117	7
43	Am. Fisheries	12	1,117	7
44	Am. Fisheries	12	1,117	7
45	Am. Fisheries	12	1,117	7
46	Am. Fisheries	12	1,117	7
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72	Am. Fisheries	12	1,117	7
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74	Am. Fisheries	12	1,117	7
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82	Am. Fisheries	12	1,117	7
83	Am. Fisheries	12	1,117	7
84	Am. Fisheries	12	1,117	7
85	Am. Fisheries	12	1,117	7
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87	Am. Fisheries	12	1,117	7
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89	Am. Fisheries	12	1,117	7
90	Am. Fisheries	12	1,117	7
91	Am. Fisheries	12	1,117	7
92	Am. Fisheries	12	1,117	7
93	Am. Fisheries	12	1,117	7
94	Am. Fisheries	12	1,117	7
95	Am. Fisheries	12	1,117	7
96	Am. Fisheries	12	1,117	7
97	Am. Fisheries	12	1,117	7
98	Am. Fisheries	12	1,117	7
99	Am. Fisheries	12	1,117	7
100	Am. Fisheries	12	1,117	7

17	Braham Mill 10p.	17	2.08	3.0
83	Braithwaite £1	110	6.94	4.2

[illegible]

107	Cohen (A) 20p	110	4.46	7.5
50	Compuair	51	+1	2.7

[illegible]

47	Fairway	52	+41	3.41	3.8
19	Insider Line 500	21	+7	0.48	3.7

527	Thompson	232	54	102.2	33	53	43	43
528	Thick & Little	232	54	102.2	33	53	43	43
529	Towner Bat. 21p	232	54	102.2	33	53	43	43
530	Tesco Sp	232	54	102.2	33	53	43	43
531	Tingate	232	54	102.2	33	53	43	43
532	United Electric	232	54	102.2	33	53	43	43
533	Vincent (Harry)	232	54	102.2	33	53	43	43
534	Wallis (F. J.) 10p	232	54	102.2	33	53	43	43
535	Waters James, Wp	232	54	102.2	33	53	43	43
536	Wheatland	232	54	102.2	33	53	43	43

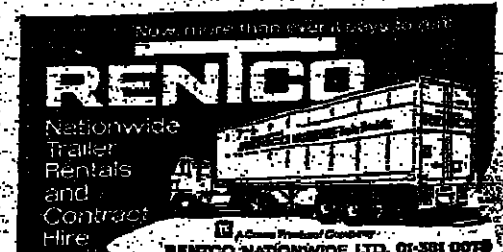
HOTELS AND CATERERS								
537	Abbe Nat. 31p	232	54	102.2	33	53	43	43
538	Adams Nat. 27-35p	232	54	102.2	33	53	43	43
539	Brand Water Sp.	232	54	102.2	33	53	43	43
540	Castle Bank Sp.	232	54	102.2	33	53	43	43
541	Castle Bank Sp.	232	54	102.2	33	53	43	43
542	Do Vore House	232	54	102.2	33	53	43	43
543	Do Vore House	232	54	102.2	33	53	43	43
544	Do Vore House	232	54	102.2	33	53	43	43

مركز العمل



FINANCIAL TIMES

Tuesday October 19 1978



Japanese pledge to buy more British goods

BY ADRIAN HAMILTON

LEADERS OF Japanese industry yesterday assured the British Government and the Confederation of British Industry that scanners were being sold in Japan would open its market more to British exports.

But in talks between the two sides in London the Japanese held firmly to the view that the U.K. was exaggerating the trade imbalance between the two countries.

The Japanese industrialists, a delegation from the Federation of Japanese Organisations (Keidanren), are visiting various European capitals.

The delegation, which will see the Prime Minister and the Chancellor to-day, yesterday met briefly with Mr. Edmund Dell, Trade Secretary, before the talks at the CBI.

Little emerged from the talks, which were largely concerned with what the British side said was a lack of openness of the Japanese market to British goods.

But the feeling from remarks made by the Keidanren leaders was that the Japanese were taking seriously European irritation with the trade imbalance between the two areas, and that Japan was ready to open its market to imports.

But the Keidanren representatives made clear that their major interest was in high technology areas rather than consumer goods. They pointed out that EMI's brain and body tonics were being sold in Japan, and that Japanese hospitals were increasing numbers to Japanese.

Both Concordia and a possible development of the BAC One-eleven airliner were touched on, although largely in terms of technical interchange. Some interest was expressed in avionics equipment such as radar.

On the British side both Mr. Dell and Lord Watkinson, the CBI president, expressed their concern over the large trade gap between Japan and Britain and the relatively low proportion of manufactured goods imported into Japan from Western Europe.

At the CBI meeting members were allowed to question the Keidanren delegation, especially to the difficulties of exporting to Japan in such areas as motor components, electronic equipment, aerospace products, ball bearings, Scotch whisky and tobacco.

The delegation is due to go to London from Germany, Belgium and France. It is clear that the Japanese are unwilling to commit themselves until they have completed their tour.

Parliament Page 10

Japan trade surplus doubles to \$1.2bn.

BY DOUGLAS RAMSEY

TOKYO, Oct. 18.

JAPAN'S TRADE surplus doubled in September to \$1.2bn, the highest since March, bringing accumulated excess of exports over imports to more than \$5bn in the first half of fiscal 1978.

A crude extrapolation of this performance, would place Japan's foreign trade well on the way to the \$10bn surplus which Government economists until recently said could not happen.

Finance Ministry officials had been predicting a levelling-off of exports, if at a high plateau, from September onwards.

This has apparently not happened, nor has the expected upsurge in imports, which grew by 8.5 per cent in April-June (over the previous quarter), but slowed to a 4.4 per cent rise in July-September.

Imports went up by only 2.3 per cent, over August, against the 13.6 per cent month-to-month increase in exports.

The current account balance in September, at \$840m, was the highest since March, and a significant turnaround from the \$37m deficit registered in September, 1975.

On a seasonally-adjusted basis, overall balance of payments was \$240m for September, a major improvement on the year-to-date \$104m deficit, even though the long-term capital account was in somewhat greater deficit at \$290m, than the \$247m in September, 1975.

For the quarter to September, Japan had a net long-term capital flow of \$333m, for the first time since the last quarter of 1975.

In the first half of fiscal 1978 (April-September), imports from the U.S. were about the same as in the corresponding months of 1975, but exports to that country went up 53 per cent.

Similarly, exports to the EEC went up 30 per cent, with imports from the Nine up by only 6 per cent.

Trade with Britain, according to the preliminary figures, was down for the half, on both exports and imports. But in September, Japan's imports from Britain were down almost 20 per cent, on the same month of 1975, with exports to Britain up 20 per cent.

10% ANTI-DUMPING DUTY IMPOSED AGAINST SPAIN

More steel import curbs may come

BY ROY HODSON

THE Government yesterday took the first of what may be a series of protective measures against the importation of cheap foreign steel. This was imposition of a 10 per cent anti-dumping duty on some Spanish steel.

Feeling is running high among British steel companies about what they allege is foreign dumping at low prices. Mr. Robson Davies, managing director of Osborn Steels and chairman of the British Independent Steel Producers' Association, claimed that about 1,500 jobs in Sheffield had been lost because of the penetration of cheap foreign output.

The measure against Spanish steel was announced to the Commons by Mr. Michael Meacher, Trade Under-Secretary of State, he added that the European Commission had approached Swedish and Austrian authorities at Britain's request.

Mr. Meacher commented on an understanding which has been reached between Britain and Japan to limit steel imports to Japan to a level which would observe certain price levels. The in the range of half-inch to 3-inch diameter.

Although the British industry has not offered evidence of dumping against West Germany it is concerned about the prices of tool steels being offered in Britain by makers in that country as well as by steelmakers in Austria and Sweden.

Stainless steel bars of the type used for industrial fastenings, bolts and screws, and in engineering, have been imported from Spain in large quantities. The Japanese limit steel imports to Japan to a level which would observe certain price levels. The in the range of half-inch to 3-inch diameter.

W. Germany joins fight against cheap cars

BY ROBIN REEVES IN BRUSSELS AND TERRY DODSWORTH IN LONDON

THE MOTOR industry's campaign against cheap Eastern European car imports has been taken to the European Communities in Brussels where apparently it has been endorsed by the West German industry.

The move by the Society of Motor Manufacturers and Traders, the British representative body, follows a long period of complaints from various quarters that eastern European manufacturers in effect are dumping their vehicles in Britain.

It is understood that the parallel motor industry organisation in West Germany has made similar representations to the EC.

The Society's case was put forward recently at a secret meeting with the external relations directorate of the EEC, which deals with general commercial questions of this kind.

A dossier of East European car prices in the U.K. was presented to the directorate together with the complaint that these were not fair prices.

If the society wants to take the issue further, it has two courses of action open to it: to go ahead with a formal dumping charge against the east Europeans on its own account, or to support for EEC action.

Not receptive

The second course does not seem particularly promising. In the past the Government has not been receptive to complaints about east European cars, partly because of the German industry's own complaints about the dumping of their vehicles in Germany.

So far, most Western Governments have seemed as disinclined to act on the issue as the British authorities. In the longer term, such questions will have to be settled at a European level in any case, since from July dumping will be taken out of the hands of national governments and dealt with through the EEC.

Motor Show opening Page 11
Motor Industry survey Page 17

Retail sales barely hold firm as trade worries grow

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SALES IN SHOPS showed little change last month after the slight recovery in summer and there is concern in the retail trade that even this level of spending may not be sustained over the next few months.

The index for the volume of retail sales fell by about a third of one per cent, to 106.5 (1971=100 seasonally adjusted) according to provisional Department of Industry figures published yesterday.

This is about the same as in July, and August, while during the third quarter as a whole the volume of sales was nearly 2 per cent up on the previous three months and the highest since the second quarter of last year.

But the recovery has still been very modest since spending has been well below the level of 1972-73; the recent pick-up is by comparison with the depressed level of the summer period after the Budget.

Sales during the third quarter appear to have been boosted by a successful summer sales season, with consumers concentrating more of their durable purchases, in particular, during these special periods of price reductions.

Moreover, the main income tax changes and rebates, which came into full effect at the end of July, may have sustained spending last month, and the end of the cold spell may have aided the level of autumn and winter clothes.

After allowing for these influences, the month-to-month fluctuations, the underlying level of sales appears fairly flat. The official hope until now has been that consumer spending would be broadly the same between the first and second halves of this year, though this may have to be revised slightly downwards depending on the extent of the further squeeze on real disposable income.

The Retail Consortium is taking a distinctly gloomy view about the outlook for retail sales and believes that the volume of spending may fall back. It suggests that any precautionary buying of durables ahead of a possible increase in VAT has been sporadic and localised so far.

RETAIL SALES VOLUME (Seasonally adjusted)	
1975	1971=100
1st	111.3
2nd	108.9
3rd	105.5
4th	105.8
1976	
1st	107.3
2nd	106.7
3rd	108.6
April	108.5
May	105.7
June	104.1
July	108.3
August	108.9
September	108.5

* Provisional
Source: Department of Industry

Interest rates

Mr. Richard Weir, Consortium director, said: "The recent increase in interest rates is likely to have a saving effect on sales of consumer durables which are very dependent on credit. For example, price increases for food will not only have a depressing effect on food sales but may well lead to a ripple effect on other types of consumer expenditure as households feel the need to exercise economy."

Mr. Weir said that the possibility of a VAT increase was also causing concern, since it would further depress retail sales.

So far this year, spending in durable goods shops has been stronger than in other retail outlets. The average volume of trade in shops was slightly below the annual average for last year, though the volume of sales in the last month was slightly below the annual average for last year.

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THE LEX COLUMN

Burmah after its disposals

To-day is the last occasion on which the authorities can sell gilts for settlement within the current banking month, and both the short and long gilts appear to be poised for further action. The long Treasury 15½ per cent 1998 was supplied yesterday on a moderate scale and the short Treasury 11½ per cent 1979 "A" is very close to what is believed to be the Government Broker's next price; it could run out (perhaps £150m, is left) if reasonable demand develops. With gilts looking firm, and sterling holding up well in the wake of the D-mark revaluation, a useful rally developed in equities yesterday.

Burmah Oil

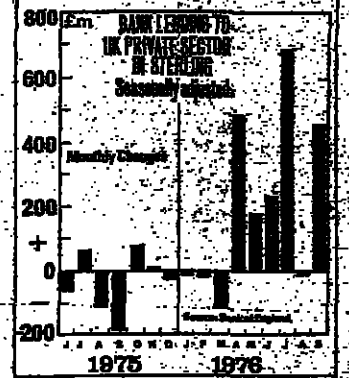
In its last letter to stockholders in April, Burmah Oil had to omit the statement normally required by the Stock Exchange on the sufficiency of working capital. The new circular reaching stockholders this morning contains an assurance that after the further Bank of England support arrangements completed last month, working capital will indeed be adequate, but there is a proviso that this depends on permanent finance for the General Dynamics LNG tankers being arranged by the close of the year. At the end of June Burmah had \$80m tied up in this project, and probably more like £100m, currently of which around £70m is expected to be repaid on permanent financing.

Index rose 107 to 303.6

It is confirmed that the Bank has formally rejected Burmah's plan to raise £100m by issuing a new £100m loan.

Mothercare

Mothercare's remarkable performance in the six months to September—profits 41 per cent higher at £6.1m, pre-tax—is locally built around an increase of 29 per cent in U.K. sales. About 2 points of that rise stems from the traditional range, while new 16p higher to 146p yesterday, selling space and price inflation. At this level, the prospective each account for a further 8 p/e of 84 is about 15 points.



Base rates

Barclays' decision to raise its base rate by a full two points following the recent 2 point rise in M.L.R. now looks increasingly justified. Yesterday, Williams and Glyn's brought its base rate into line with Barclays, and pressure must now be on the other clearers to follow suit.

In recent months, short-term rates have been taking a few days to reflect fully a sharp rise in M.L.R. Partly because of this, and partly because of sizeable sales of gilts by the authorities, short term money rates are now 5 to 10 year old child, which only accounted for about 1 per cent of sales last year and is now available in all but three of the 164 U.K. shops.

At the same time, the rise in operating costs in the older stores is being reined back to 20 per cent or less, thanks in particular to a slowdown in the rate of wage inflation to around 10 or 12 per cent. Finally, the overseas operation is doing substantially better after several dull years. Helped by sterling's weakness, profits have jumped by more than half to £396,000.

Sales of the new range, which has recently been increased from 200 to 300 titles, remain on an accelerating trend. And overall profits growth in the current year of roughly 20 per cent, to nearly £12m, is now in view.

Thereafter, the rate of physical expansion in the U.K. will slow down somewhat from the figure of nearly 15 per cent expected for 1978-79. But City's enthusiasm may run well the Bank of England, that is Mothercare is budgeting for ahead of actual political developments.

Water supply assured

BY STUART ALEXANDER

WATER supplies of at least the standard and quantity of this year are assured for 1977 and are likely to be better. Lord Nugent, chairman of the National Water Council, said yesterday: "The study we have made in consultation with regional water authorities shows that even if the remainder of the winter is very dry a combination of urgent action by the water industry and careful use of water by consumers will put us in a sound position next spring to meet another dry summer."

Lord Nugent was presenting an urgent study of supply prospects for 1977 commissioned on August 10 by Mr. John Silkin, then Minister for Planning and Local Government, and delivered last Friday to Mr. Denis Howell, Minister with special responsibility for water resources.

The report shows the need for a continuing capital programme and says that in the period January, 1976, to September, 1977, the industry's supply system will have been reinforced by £118m. of works in the original programme, £66m. on other permanent works and £3m. on temporary works.

Increased costs and net loss of revenue may mean that the net cost of the drought in water authority revenue accounts may well amount to £35m, says the report, but the incidence would vary between authorities. This could lead to increases in charges of up to 20 per cent.

Lord Nugent said he did not expect that there would be an equalisation scheme to spread the cost across all authorities, and extra charges would be made where the cost had been incurred.

Weather

U.K. TO-DAY
CLOUDY with rain in places. London, S.E. England, E. Anglia, Midlands, Channel Is., Wales.
Dry and bright, becoming cloudy with rain from the W. Wind light, becoming moderate. Max. 13C (55F).
S.W. England
Rain with sunny intervals later. Wind moderate, becoming strong to gale. Max. 14C (57F).
N.W., N. England
Sunny with scattered showers.

BUSINESS CENTRES	
Y day	Y day
mid-day	mid-day
Albania	25
Barcelona	28
Bombay	28
Buenos Aires	28
Calcutta	28
Canton	28
Cebu	28
Hankow	28
Harbin	28
Hong Kong	28
Kobe	28
London	28
Lyons	28
Manila	28
Medan	28
Shanghai	28
Singapore	28
Sourabaya	28
Tientsin	28
Yokohama	28

Continued from Page 1

West German bankers

Government believe that revaluation will reduce the embarrassment of a loss of this kind. It was quite reasonable for small adjustments to be made from time to time—if they did not happen too often. The revaluation was not large enough to hit West German exports but would serve to cut import prices.

The well-kept secret was the subject of exhaustive negotiations. Dr. Apel disclosed that he had had bilateral meetings at the International Monetary Fund meeting in Manila. Also confirmed were Mr. William Simon, U.S. Treasury Secretary, Mr. Denis Healey, Chancellor, and the French Finance Minister. Dr. Apel said that Britain and France had expressed a desire eventually to rejoin the snake, though for the moment this was obviously out of the question.

Continued from Page 1

Swiss

ment had made its contribution by not following the D-mark revaluation as it might have done. In view of the country's strong balance of payments.

The Swiss franc has accompanied the D-mark in its recent appreciation and Swiss bankers were yesterday among those arguing that the West German move was not decisive enough.

In Austria, however, the decision to follow the D-mark upwards against the weaker snake currencies was greeted with concern among the business community.

As other currencies were adjusting to the new D-mark rates, the Italian lira fell sharply as an emergency two-week 10 per cent tax on currency buying was lifted.

The Bank of Italy was reported to have intervened heavily on the side of the official fixing to hold the rate at 1870 to the dollar, compared with 1844 on Friday.

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